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FOUNDATIONS FOR
CONSTRUCTIVE INDUSTRIAL RELATIONS

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FOUNDATIONS
FOR
CONSTRUCTIVE
INDUSTRIAL RELATIONS

by

R. CARTER NYMAN

Personnel Director, Yale University



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To
E. D. S.
and
F. A. M.

PREFACE

ONE day I tried out some of the theories in this book on two of my colleagues at Yale. One of them grinned and said, "All this sounds interesting but aren't some of the ideas rather radical?" I suppose that some of the ideas in this book can be regarded as radical. This is probably so because the book does, perhaps, set forth a unique combination of principles of human relations and principles of administration. It is also, perhaps, radical in its analysis of our present failings in industrial relations management.

If all this is so, it is because of the kind of experience I have had in industrial relations. I feel sure that the representatives of the United Mine Workers, with whom I negotiate a contract each year, may regard my attitude as conservative if not reactionary. The University's administrative officers probably lean the other way in their feelings about some of my recommendations. However, in the past thirty years I have engaged in industrial relations work in two industrial concerns, a large merchandising establishment, a research institution, a university, and, from time to time, in government. It was probably inevitable that this experience would provide at

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least some peculiar ideas as to why industrial relations are not all they should be and what should be done about it.

This is especially so because for several years I worked with a group of economists, sociologists, physiologists, psychologists, and psychiatrists, all of whom were participating in a labor relations research project. I think we got to the point where they understood such terms as "line-staff organization" and I got some inkling of what they meant when they spoke of "mores" and "folkways" or an "oedipus complex." During this period I also spent about as much time with labor union leaders and at labor meetings as I did in conferences with employers and managers. For several years, therefore, I experienced at first hand the impact of the ideas of scientific theorists upon those of practical labor leaders and managers. I found from this experience that the problems of industrial relations can be regarded much more dispassionately when they are the material for research than when one is faced with either finding a solution or having a strike. I found also that the viewpoints of the social and human scientists often caused one to revise customary interpretations.

Be that as it may, this book is written with the conviction that the trouble with labor relations is that we have not yet really learned how to manage them. More particularly, it has seemed to me that the trouble arises because we have lacked a body of reliable principles. So I was led to conclude that an effort to put together even tentatively a statement of the principles of industrial relations management might be worth while.

In working now and then on the manuscript during the past five years, my original ideas have undergone considerable revision. But I have tried to do in this book what I think all of us in industrial relations need to do: This is to exchange our present best thinking and to keep an open mind.

New Haven, Connecticut
January 19, 1949

R. CARTER NYMAN

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MANY men and women have contributed to the preparation of this book. Some have done so through the influence of their thought and work; others through providing enlightening experiences. I wish it were possible to thank each of them individually, but I can mention only a few.

My thinking concerning the administration of industrial relations has been most influenced by the late Mary Parker Follett and by Elliott Dunlap Smith. The hypothesis upon which this book is based rests upon their original observations of the application of psychological principles to administrative organization and procedure.

I am particularly grateful to Clarence W. Mendall, Eugen Kahn, and Mark A. May for reading and criticizing the text. I must express especial appreciation to F. Alexander Magoun for sharing his unique insight into the problems of human relations and for his stimulating interest throughout the preparation of the manuscript.

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R. CARTER NYMAN

CONTENTS

Preface	vii
Acknowledgments	ix
I Science and Administration	1
II The Nature of Human Beings	7
III The Processes of Human Nature	20
IV Factors of Social Conditioning	33
V The Principle of Integration	50
VI Constructive Human Relations	64
VII The Structure of Administration	78
VIII Administrative Organization	91
IX Organizing Relations with Labor	104
X Administrative Procedure	115
XI Managing Labor Problems	129
XII "Integrating" Education	145
XIII Capital, Labor, and Government	159
XIV The Powers of Management	178
XV The Problem of Unionism	189
Index	203

DIAGRAMS

FIGURE	PAGE
1 Structure of the Areas, Functions, and Limiting Factors of Industrial Relations' Administration	86
2 A Non-Functional Structure of Organization	98
3 A Functional (Line-Staff) Structure of Organization	100
4 Functional Organization of Relationships and Procedure in the Settlement of a Controversy	102
5 Application of a Functional Structure to Organization of Relations with Labor	106
6 Functional Organization of the Process of Resolving a Conflict Between Management and Labor	108
7 The Principle of Integrating Sequence in Administrative Procedure	117
8 The Principle of Integrating Comprehensiveness in Administrative Procedure	123
9 The Principle of Integrating Penetration in Administrative Procedure	126

FIGURE	PAGE
10 Application of the Principle of Functional Integration to the Organization of Governmental Agencies	168
11 Application of the Principle of Functional Integration to the Organization of the Relations of Capital, Labor, and Government	172



SCIENCE AND ADMINISTRATION

MANAGEMENT has approached the problems of technological development and the problems of industrial relations in virtually opposite ways. There is an equally great contrast in results. Management has achieved unprecedented technological ability and progress. It has failed to achieve constructive industrial relations and so has failed to achieve a well-integrated use of the different but interdependent powers of capital, labor, and government.

What, then, are the sources of management's success in dealing with the technological problems of production, transportation, and communication? How do these compare with the sources of management's failure to develop constructive industrial relations? What does such a comparison suggest with respect to the administration of industrial relations?

Management has come, first of all, to have a professional attitude toward technological problems. It has come to see that these must be approached with professional objectivity. Management has also come to see that it must employ methods which have scientific validity in the solution of technological problems. In a word, management has *contrived solutions of*

technological problems by an objective application of engineering principles derived from the basic laws of the physical sciences. This has been the basic approach and method underlying the tremendous technological progress of modern times. This is what has given management unprecedented technological ability to produce the goods and services essential to human welfare.

The means for employing this method have been provided by the development of the various applied sciences of engineering and by the progress made in the physical sciences. Nonetheless, it has been the adoption of a professional attitude and professional methods which has made it possible to use the tools of engineering and scientific research. Indeed, much progress in science and engineering has resulted from the initiative and support given by the men who manage industry and commerce. They have, for instance, both supported scientific research in educational institutions and established research laboratories in industry.

There has, of course, been a basic and unavoidable necessity for such an approach to the solution of technological problems. Over the centuries men have learned by hard experience that only by such means could they contend with and make effective use of the forces of nature. Over the centuries men learned that the problems involved would yield only to methods of professional objectivity and to scientific treatment. Only when men became intelligent enough to understand this did we begin to make progress in dealing with the technological problems. But once this attitude and approach was adopted, men made rapid progress in dealing with technological problems—in protecting themselves from unfavorable natural conditions and in exploiting natural powers and resources. Now we have, actually or potentially, the technological ability to provide the material necessities of human life.

Yet we have had no such attitude toward industrial relations. We have followed no such approach. Instead, our methods of industrial relations administration have been those of arbitrary authority, legal compulsion and power politics, sentimental paternalism, and, reluctantly, of collective bargaining. These

present methods reflect no professional attitude. Nor do they have validity in terms of scientific knowledge of human nature and human relations. They have not produced constructive industrial relations. They have resulted mainly in futile, destructive, socially demoralizing conflicts for domination. These conclusions prompt the inference that we must adopt a basically different attitude and approach to the administration of industrial relations.

The first need then is a new evaluation of the purpose of and reasons for constructive industrial relations. The objective must be to assure both economically and socially profitable operation of industry and commerce. It is futile for capital to be able to produce goods it cannot sell, for labor to be in need but unable to buy. We must find ways not only to yield capital a reasonable return on investment, but to assure labor both economic and social well-being. Preservation of our national integrity depends upon this far more than it depends upon military might.

We must realize that this is not merely a matter of technological power and ability. We must see that this is not a question of "equalizing" the economic or bargaining powers of capital and labor. It is as futile to think of doing this as it would be to think of equalizing the powers of a cow and a farm hand. The powers of capital, labor, and government are interdependent, functional powers—different in kind. Capital has the power to provide the facilities for production. Labor has the power to do the work. Government, for instance, has special powers relating to the development or conservation of natural resources, to regulate international trade, to maintain law and order. The need is not to equalize but to make constructive, well-integrated and joint use of these interdependent functional powers. This can be assured only by relationships of mutual confidence, understanding, and cooperation. This end can be achieved only by intelligent administration of unique, dynamic, and interacting *human* powers.

The necessary approach is clearly indicated. *Management must undertake to contrive solutions of the problems of industrial relations by an objective application of administrative prin-*

ciples having validity in terms of scientific knowledge of human nature and human relations.

Past experience shows that the problems of industrial relations can be expected to yield only to such treatment. Past experience shows that nothing short of such a professional approach will do. Human beings *can* be enticed, coerced, frightened, and intimidated. They *can* be influenced by such means to use or not to use their powers. But experience shows that such means do not result in constructive industrial relations nor in a constructive and integrated use of the interacting powers of capital, labor, and government. These require a professional attitude and administrative methods based upon scientifically valid principles.

Even if management adopts such a professional attitude toward the problems of industrial relations, it must also have the *means* of making such an approach. What is needed here is *an applied science of administration, comparable in nature and effectiveness to the modern engineering sciences*. What is needed is a body of administrative principles based upon basic knowledge provided by such social sciences as psychology, psychiatry, anthropology, and sociology. Only this will give management the administrative ability required to bring about constructive industrial relations.

We must undertake, then, to develop an applied science of administration in the same way that we developed the applied sciences of engineering. We must look to the human and social sciences to provide the basic knowledge. From this knowledge we must develop a body of scientifically valid administrative principles. Perhaps we can then develop administrative ability commensurate with modern technological ability. Then, perhaps, we can contrive solutions of the problems of industrial relations as successfully as we have contrived solutions of the problems of technological development.

But is it possible to develop an applied science of industrial relations administration? Is it possible to develop a body of principles which can be applied as effectively as those which have made modern engineering sciences such valuable tools?

Will this not at least have to wait upon further progress in the human sciences—in anthropology, sociology, and, especially, in psychology and psychiatry?

Perfection of the principles of an applied science of administration unquestionably can be expected to take a long time. This necessarily is dependent upon progress in the basic sciences dealing with human nature and with factors of environmental and social conditioning which influence human behavior. But this in no way prevents a concurrent and intelligently directed development of scientifically sound and useful principles of industrial relations administration. The development of the applied engineering sciences did not wait upon perfection of understanding in the basic physical sciences. The development of professional methods in medical practice occurred simultaneously with the progress of research in bacteriology, biochemistry, and other basic medical sciences.

There is every reason to suppose that an applied science of administration can be similarly developed. Considerable scientific knowledge concerning human nature and human relations is already available. Psychology and psychiatry are steadily producing new knowledge concerning the attributes and processes of human nature. Anthropology and sociology are contributing better understanding concerning the environmental conditions essential to constructive human relations. Some pioneering work has already been done with reference to the formulation of administrative principles on the basis of such scientific knowledge. Some of these principles have already been tried out in the management of industrial relations.

It is, indeed, possible at the present time to suggest tentatively and hypothetically those concepts and principles which underly a scientifically valid approach to the administration of industrial relations. This is what this book attempts to do. Consideration is given first to the implications of psychological knowledge concerning the attributes and processes of human nature. The discussion then goes on to an evaluation of the nature and effects of environmental and social conditioning. This is followed by a definition of the basic conditions required

for constructive and cooperative human relations. Then an attempt is made to develop principles of administration having scientific validity in terms of these fundamentals. What these principles imply as to the development of constructive relations between capital, labor, and government is then dealt with. The discussion ends with an analysis of the nature and proper use of the powers of management.



THE NATURE OF HUMAN BEINGS

HUMAN beings are complex organisms. They are motivated by intricate and ever-changing combinations of biological needs, emotional reactions, and reasoned judgments. Furthermore, they are constantly subject to conditions which make it difficult for them to satisfy their needs and wants. Consequently, it is no simple matter to bring them to the point where they think, feel, and act in ways conducive to constructive human relations. This can be done only to the extent that management has realistic, fundamental understanding of the attributes and processes which cause people to behave as they do.

What, then, of the knowledge of human nature provided by the sciences of psychology and psychiatry? What are the implications of this knowledge with reference to a professional approach to the administration of industrial relations?

All normal human beings have common biological characteristics. Allowing for the difference of sex, all men and women have similar bodily structures, undergo the same biochemical processes, and have the same psychological attributes. Likewise, all have common biological needs. Some of these are physiologi-

cal in nature, such as the need for air, liquid, and food. Others relate to sex or procreation. Others are psychological, such as the needs for self-respect and self-expression. All of these biological characteristics and needs are interrelated, interdependent, and interacting. Physiological maladjustments have psychological effects, and vice versa. Consequently, the human organism and its needs must always be treated as a whole.

The biological needs of men range from needs for self-preservation to needs for creative self-expression, both physical and psychological. For physical survival, men need air, liquid, food, sleep, and some type of shelter. A man can exist so long as he gets a minimal amount of these, but for physical well-being he must have not only air and water, but good food, proper clothing and shelter, and medical care. That is, men can exist at a subsistence level, but they need more than this in order to function with physical effectiveness.

The same is true with respect to psychological needs. Men must, for instance, have a minimal assurance of security in their relations with other people and some hope of maintaining life. In order to function with real effectiveness, however, men need assurance of self-respect and confidence in relations with other people. Beyond this they need means of creative self-expression and wholesome recognition.

Consequently, the biological needs of men must be met to an extent that will assure them more than mere self-preservation. This must be done as all of the biological needs continually make themselves felt, subconsciously if not consciously. This is why it often appears, superficially, that men are never satisfied, that they are always wanting more. Actually, it is remarkable how little it takes to meet adequately the biological needs of most men. Here it should be realized that while all men have the same *kinds* of basic biological needs, there is a wide variation in degree. A day laborer, for example, can, if assured of self-respect and security in his relations with other people, satisfy his needs for self-expression quite simply. He can do this by engaging in gardening, enjoying an occasional game of penny ante, or a trip to an amusement center. Simple pleasures often

give him sufficient gratification. In contrast, men of more imagination may need much more in the way of creative self-expression and recognition if they are to feel effective. What will adequately satisfy the needs of some men may be wholly inadequate for others, but the difference is a matter of degree and not of kind, for a range of needs from self-preservation to self-expression is a common, fundamental attribute of human nature.

The importance of meeting the physical needs of men has long been recognized. Nutrition, sanitation, clean, light, and well-ventilated workrooms, reasonable hours of work, and the like have long been accepted as essential to physical effectiveness. It is, however, even more important to provide adequately for the psychological needs of human beings, although this has been far less realized. We are only now seeing that to impose conditions which create feelings of fear, anxiety, subserviency, guilt, or hate results in the disintegration of personality and is comparable to denying men food and drink. We are only now realizing how important it is to provide conditions which will assure men a sense of self-respect, assure them a sense of integrity in their relations with other men, and offer them means of self-expression. We have only recently seen that these needs are fundamental biological needs. Medical science, for example, is now realizing that infants have a need to be loved and that if this need is not met the effects upon both psychological and physiological development can be adverse. We now know, too, that denial of wholesome psychological satisfactions in childhood often results in "nervous breakdowns" or physical ills, such as stomach ulcers, in adult life.

More significant, from the point of view of industrial relations, is the fact that what men most fear and hate is the power of domination and arbitrary authority in the hands of other men. The reason for this lies in the fact that those who must be subservient to the arbitrary exercise of power are placed under conditions antagonistic to a sense of confidence, esteem, and self-respect. The idea that they are inferior beings is forced upon those who are subservient, and this goes against human

nature. Satisfaction of their biological needs is made conditional upon abject dependency: this situation is demoralizing and results in an underlying uncertainty, fear, and sense of guilt derived from the false rationalization that dependent security is better than the risks of being a free man. So while men can accept a *subordinate* condition and maintain a sense of self-respect, they cannot accept a *subservient* condition and do so. They will, consequently, always rebel, since subserviency denies them adequate satisfaction of their psychological needs.

How vital it is for men to satisfy the need for self-integrity is readily demonstrated. A young man will give up a promising career, enter military service, and risk his life in battle because he could not do otherwise and "live with himself" afterward. A mother will sacrifice her life for her child because otherwise she could have no future peace of mind. Most suicides are the consequence of an intolerable loss of self-respect. Men will become greedy, lust after power, or turn from crook to philanthropist in an effort to satisfy their need for a sense of security and self-esteem in their relations with other men. A group of workmen will rebel against a well-intentioned paternalistic plan for their welfare, because it requires them to be subservient or to accept the idea that they are inferior beings while the employer is a superior one.

It is of fundamental importance, then, to appreciate that it is futile to provide conditions which adequately meet the physiological needs of men while denying them adequate satisfaction of their psychological needs. Men have elemental needs for what may be termed conditions of "physiological adequacy" and conditions of "psychological adequacy." It is not enough to give them assurance of subsistence only. They must have confidence that they can enjoy physical well-being, self-respect, wholesome recognition, and self-expression. Finally, it must be recognized that these needs make themselves felt not only within the individual personality, but also in political, social, and economic relations. They are, consequently, a primary consideration in the administration of industrial relations.

An attribute of "emotional sensitivity" is common and in-

herent in human nature and is a fundamental factor of motivation. People act passively or aggressively, constructively or destructively, largely because they feel confident or afraid, hurt or angry. Their feelings may arise from many different circumstances, some of which may be closely associated with their elemental biological needs. The needs for food and love, for instance, create conscious or subconscious hungers, either of a physiological or psychological nature. These hungers may be reflected in feelings of fear or anger, depending upon whether or not they are satisfied. Other fundamental drives or desires may also create emotional reactions. Or emotional reactions may result from external stimuli or reasoned judgments. An individual may feel gratified and reassured because someone displays affection for him. Or he may feel fearful because his conscious analysis leads him to believe that circumstances are threatening. In either case, the emotional response will have a great deal to do with the individual's behavior, and it may be the determining factor.

An emotional response may, indeed, be so intense as to inhibit use of the powers of reasoning and to induce individuals or groups to engage in irrational and destructive behavior. This may occur whether the emotional reaction is one of intense elation or one of intense fear. Under a sufficiently intense emotional reaction all the forces of the individual, physical and mental, may be marshalled to the end of achieving a sense of adequacy by any means, however normally repugnant or insane. A "fixation of attention" occurs, during which the one purpose is to attain the goal which is felt to be essential. Emotional reactions thus are a powerful factor of motivation, as well as one closely related to elemental biological needs.

Emotional responses also predispose a person to continue to behave in ways which give a feeling of pleasure or adequacy and to resist behavior which gives a feeling of pain or inadequacy. If the emotional response is initially one of fear, there will be a predisposition to think and act accordingly. When feelings of pleasure or pain are repeatedly experienced or long endured under comparable, or seemingly comparable circum-

stances, it becomes increasingly difficult to alter the pattern of behavior by any appeals to reason. For while emotional response is often instantaneous or rapid, it may take far longer to "feel" a situation through than to think it through. Also, even if the reasoning powers of the mind accept a situation, such acceptance is not effective unless the situation is "felt" to be right. Psychiatrists, for example, have found that a person suffering from inner conflict cannot resolve it merely by intellectual understanding of it; he must also "feel" the solution is acceptable. There must be emotional assurance or reassurance as well as intelligent understanding in order effectively to influence human thought and action.

What might be termed "emotional integrity" is also essential. It is futile, for instance, for a son to tell himself that he ought to love his father when his feelings toward his parent are really those of fear and hate. It is futile to expect workers to respect their employer when his actions are such as to cause feelings of distrust, or worse. To pretend to feel love, confidence, or courage, when actual feelings are those of hate, distrust, or fear, involves violation of an individual's sense of personal integrity. Yet most people are taught such pretense from early childhood, with consequences of disturbing inner conflicts, hypocritical behavior, and a sense of psychological inadequacy.

What is needed is a realistic recognition of the true character of the emotional responses and a realistic analysis of their causes. If there is real cause for fear or hate or anger, it should be determined, because only then can it be dealt with intelligently. Pressure, either from within the individual or from others, to pretend to feel an emotion not really felt, only forces the real emotions to operate below the surface. The cause of the feelings of hate or fear is buried and made difficult to determine.

It is a common trait of human nature to feel both love and hate, distrust and admiration, or other combinations of antagonistic emotional responses within the personality or toward others. When this occurs a condition of ambivalence is said to exist. Such an emotional state often results in irrational or

inappropriate behavior. A worker, for instance, may feel envious of his supervisor's ability or position on the one hand and entertain feelings of contempt toward him on the other because he abuses his authority. This emotional mixture may readily cause the employee to "play up to the boss" part of the time and disparage him the rest of the time. Here again there is need for what Professor Magoun terms "emotional honesty," for realistic recognition of the emotional reactions of envy and contempt and the causes. With such recognition, an "integration" of feelings could be brought about. The employee could be brought both to understand and to feel that, after all, his boss is but a human being with human strengths and weaknesses.

In no sphere of human relations has the importance of right emotional conditions been properly understood. Rulers have vainly attempted, by a show of power and glory, to create responses of respect and worship in their subjects, while at the same time they behaved in ways that aroused feelings of hate or disgust. We have relied in large measure upon creating feelings of insecurity and fear, since these feelings do motivate people to attempt to accept conditions of subserviency and docile obedience. But we have not reckoned with the long run effects of fear, which lead eventually to aggressively destructive behavior. We have not yet adequately recognized that fear leads to irrational behavior. We have only recently realized, for instance, that greediness is a product of fear, or that the man who is avid for power over other men is himself fearful. We are only now realizing that management's reliance on methods of arbitrary authority and economic power has been due to an underlying fear of labor.

The concept of emotional response as a factor of motivation thus provides a basic law or principle of human nature which must be observed if we are to achieve constructive human relations in industry and elsewhere. Emotional assurance is essential both to secure relationships and to intelligent and rational behavior. Or, stated as a principle of administration, management must recognize emotional responses as a primary cause of, and means of influencing, behavior. Management must rec-

ognize, moreover, that people will be inclined to behave constructively and cooperatively to the extent that their emotional reactions give them a sense of confidence. The old idea that they must "have the fear of God put into them" is absurd in the light of modern psychiatric knowledge. Actions that produce an emotional reaction of fear may induce people to submit temporarily to circumstances or authority, but only with inner feelings of hate and a desire for revenge. Fear is always a disintegrating force and one which works against intelligent understanding and cooperation. Hence, as psychiatrists and some managers realize, discipline and cooperation must be based not upon fear but upon a combination of understanding and feelings of security and respect.

The behavior of people may appear to be irrational and yet actually be wholly logical. This is because much behavior is subconsciously motivated. People are seldom fully aware of their biological needs or their emotional reactions, but they are constantly behaving in response to these factors of motivation. Behavior is also largely influenced by the subconscious operation of patterns of thought and action which have become habitual.

In order, therefore, to determine the significance of people's behavior, it is necessary to understand and to take into account the influence of subconscious motivation. For instance, a person who has been hypnotized can be instructed to perform a specified act at a specified later time. After being brought from a state of hypnosis to a state of normal consciousness, the person will carry out the act as instructed and at the specified time. He will, however, be unable to give the real reason for doing so, and he will be at a loss to explain why he has acted "irrationally." His action, of course, will be entirely understandable to anyone who was present while the individual was in the state of hypnosis. This offers an example both of how subconscious motivation works and why its influence must be understood and taken into account.

It must be understood, too, that human beings have only limited ability to be consciously aware of, and to give conscious

attention to, their needs and circumstances. The use of this ability would require the expenditure of effort and energy that must be reserved for new learning or for making adjustments to unusual circumstances. Nature has compensated by giving people the ability to remember and recall what they have learned and felt and subconsciously to associate past learning with sensed needs. They are thus able subconsciously and with relatively little effort to employ past learning to make the many adjustments required to satisfy their needs and to adapt themselves to the conditions under which they live. They are also enabled to conserve energy for new learning or for meeting needs requiring conscious attention. This is why, in part, so much behavior is a result of subconscious motivation.

This also explains in part why much behavior may be irrational or inappropriate. There is a resultant predisposition and momentum to behave in habitual ways or in accordance with past emotional reactions. There is a resultant tendency to do this, even though such behavior would be seen as illogical or ineffective if it were brought to conscious awareness and subjected to conscious, objective analysis. People become creatures of habit, and they persist even in bad habits because conscious attention and deliberate change require relatively great effort and expenditure of energy. For this reason people must be given a considerable incentive before they will undertake new learning or before they can be brought to make difficult changes in their ways of thinking, feeling, and acting. This incentive cannot well be given without taking into consideration the factors of subconscious motivation which cause them to want to behave in comfortable, habitual ways.

From another point of view, behavior is motivated by subconscious conflicts and rationalizations. Human beings, to some extent, always subconsciously entertain ideas or feelings which they would regard as repugnant if brought to their conscious attention. They realize subconsciously, too, that if they behaved in accordance with such ideas and feelings they would have to face painful facts, endure censure, or suffer punishment. Often their ideas and feelings are contrary to those which they have

been taught to regard as proper or acceptable. They may, subconsciously, have feelings of fear or hate under circumstances where their conditioning has been such as to cause them to believe that they ought to feel affectionate or courageous. Often, too, people will suffer feelings of anxiety because they are unable, subconsciously, to find an habitual form of behavior which will readily enable them to adjust to circumstances.

Under such conditions, human beings attempt to repress their real desires and feelings, or they become the prey of subconscious inner conflicts, or they indulge in spurious, subconscious reasoning or rationalizations. Such subconscious processes invariably result in feelings of inadequacy and emotional turmoil. All more or less inhibit the powers of logical reasoning and discriminating judgment. Behavior becomes more and more subject to emotional motivation and consequently may be deceptive in its manifestations.

For instance, a child who really fears and hates his parents often behaves like a docile and most obedient youngster. Or an employee may force himself to act as if he respects his foreman, while his actual feelings toward his boss are those of scorn. Or the employee, while pretending to be loyal, will act and talk in subtle ways, designed to reveal his distrust and to undermine his superior. At the same time he will give plausible but really spurious reasons to justify his behavior, with both behavior and the reasons therefore resulting from subconscious rationalizations.

Subconscious conflicts, anxieties, and repressions usually result in behavior which is aggressive and destructive in character. This behavior is irrational in the light of the true situation but is always logical in terms of the individual's motivation and his imperfect understanding of the situation. This aggressive and destructive behavior may be directed inwardly or outwardly; that is, it may be either masochistic or sadistic. A man who subconsciously feels inadequate or entertains ideas contrary to his standards may behave in ways designed to punish himself. Or he may attempt to "take it out" on others, usually on people who

he feels will not retaliate, either because they are helpless or because they love and understand him.

It must be realized, too, that subconscious conflicts and repressions may lie buried for a long time before becoming intense enough to cause open, overt action. An individual, for instance, may from childhood have feelings of hate toward his parents, or feelings of anxiety which lie festering for years. These may not come to the surface until he suffers a "nervous breakdown" or acts with misplaced aggression against persons in authority after he has reached middle age. Often the behavior of workers and executives can be understood only through determining the nature of inner conflicts and tensions which have existed for years.

All this is as true of groups as it is of individuals. Given a group of individuals living and working under similar conditions, it will be found that all are subject to common factors of subconscious motivation—common habits, common "conditioning" as to how they ought to feel and act, common conflicts, and common fears. There is a group "subconscious mind" as well as an individual one. Groups, like individuals, will endeavor to employ subconscious habitual modes of behavior. Groups, like individuals, will be motivated by subconsciously felt needs and emotional reactions. And groups subject to inner conflicts and repressions will, in response, act with either masochistic or sadistic aggressiveness. It is this which accounts to a large extent for the fact that the German people followed a Hitler, even though reason would have shown that the end result would be defeat and demoralization. It is this psychological fact, too, which enables labor organizers to transform a group of apparently docile workers into a militant union. Demagogues and politicians have long appreciated the power of subconscious motivations and how readily subconscious feelings of hate and rebellion can be played upon to yield emotional, uncritical, but aggressive support.

Management, on the whole, has been neglectful of the factor of subconscious motivation. Management only too often has failed to realize that docile workers, like docile, obedient chil-

dren, may actually be repressing feelings of hate and rebellion. What management must come to appreciate is the importance of what may be on the worker's *subconscious* mind, to give a twist to Whiting Williams famous theme. In other words, the fact of subconscious motivation must be taken seriously into account in the administration of industrial relations. Then management must take care to assure that administrative action will result in healthy subconscious reactions or will compensate for the effects of subconscious motivations upon the behavior of those concerned in industrial relations.

It is not necessary to subject a group of executives or employees to psychoanalytic treatment in order to do this. It may be necessary, of course, to use experts in determining how the men and women involved in any industrial relations situation are being motivated by subconscious habits, emotional reactions, or conflicts. However, a careful analysis of the experience of the group, its conditioning, and the probable psychological effects of past administrative action will go a long way toward indicating the nature of the factors of subconscious motivation which are influencing the attitudes and actions of the group.

Two other concepts concerning the basic attributes and processes of human nature remain to be discussed. These relate to the frustration of desires and to the control of behavior by a mature development of the powers of discriminating judgment. It seems well, however, to summarize before going on to a consideration of these.

Human beings are motivated fundamentally by inherent biological needs, one of which is the need for a psychological adequacy. Inherent emotional sensitivity enables individuals to sense whether or not their biological needs are being met. Their behavior thus is greatly influenced by their emotional reactions. How people "feel" is consequently as important as how they think, and perhaps more so, because intense emotional reactions inhibit and impair the power of thought and reason. Furthermore, since the biological needs and emotional reactions to a large extent function subconsciously, behavior is dependent upon subconscious operation of habitual patterns

of thought and emotional response. Hence, while behavior may be superficially irrational and deceptive, it is always logical and meaningful when understood in terms of basic and subconscious conditions of motivation.

These concepts have great significance in any professional approach to the administration of industrial relations. They show why such an approach must be based upon a scientific understanding of human nature. They also show that administrative action must first of all take into account human nature as such, that in organization and procedure, administration must provide so far as possible conditions which will assure everyone concerned a sense of personal integrity and emotional reactions of confidence. Otherwise, it is clear, administrative action will certainly result in subconscious reactions, destined to result eventually in behavior which is irrational, aggressive, and destructive in character.



THE PROCESSES OF HUMAN NATURE

THE biological needs of human beings are sensed through elemental emotional reactions conceived as "primary drives," urges, or fundamental desires. An element of desire, as well as need, consequently lies behind all human thought and secondary emotions, such as elation or fear, or feelings of confidence or anxiety. The primary drives or fundamental desires also are critical factors of subconscious motivation.

While the fundamental desires may make themselves felt directly, they usually manifest themselves in various "secondary drives," or specific desires. All specific desires, however, relate back to one or more of the fundamental desires, and then, in one way or another, to the basic needs for physiological, procreative, and psychological adequacy. Sometimes specific desires may be of little significance, but it is never safe to regard the wants of human beings as superficial or inconsequential. This is so not only because desires stem from the basic needs of human nature, but also because inability to attain wholesome satisfaction of desires is a main source of destructive behavior.

The nature and operation of the primary drives or funda-

mental desires and what happens when people find it impossible to satisfy them are thus basic considerations in the administration of industrial relations. Of the various psychological concepts relating to the nature and operation of these fundamental drives or desires, the following are particularly significant.

The fundamental drives or desires are apparently of organic origin, are common to all men and women, and cannot be changed or eradicated. The manner and forms in which they seek satisfaction, however, vary greatly and are subject to alteration, modification, and control. That is, the multitude of secondary drives or specific desires vary greatly but can be changed and controlled. Men can, consequently, be influenced to seek to satisfy their elemental wants and needs in many ways and to adapt their behavior accordingly.

How men seek to satisfy their basic wants depends partly upon inborn aptitudes and partly upon past conditioning. Where there is a desire, there is always an objective, or goal. Fundamentally, the objective is to fulfil basic biological needs, but even here the relative importance of the goals may shift. Under some circumstances satisfaction of physical desires and needs may be the most important goal. Under others, satisfaction of the need for a sense of personal integrity may be the most pressing want and objective. Secondarily, however, the objectives, or goals, reflect aptitudes and conditioning both as to choice and to relative importance. For instance, a youngster with an unusual musical aptitude will try to satisfy his needs and wants through accomplishment as a musician. A man of vigorous physique and energy will try to find an occupation where he can employ these characteristics. That is, he will seek to satisfy his desires and needs in work offering mobility and to avoid work of a sedentary nature. On the other hand, a boy with musical talent or a vigorous man may try to satisfy their desires through work as an engineer or as an accountant, if they have been taught, or conditioned to believe, that such occupations are more desirable. But in such a case, both are likely to have trouble and to be troublesome and may well fail.

What men value and the objectives they select depend in

large measure upon a combination of desire and aptitude. Since these are fundamental, inborn attributes, it is dangerous and really futile to try to force individuals to want and value something else. To attempt to do so is to subject them to unnatural difficulty on the one hand, and to frustration or threat of frustration of their fundamental desires on the other. This is the main reason why so much trouble ensues when a square peg is forced into a round hole. This is why the young man who has been coerced into taking an engineering job in his father's plant when he really wanted to be an actor is likely to be both incompetent and sour.

Desires and imagination also operate subconsciously to cause people to create "exalted" and "debased" images of themselves. Everyone figures out in imagination the grand kind of person he would like to become and the poor sort he might become. At times he idealizes one and at times the other of these images. How satisfying at times to be an utter scoundrel and so gain sweet revenge! These idealized images are, of course, unrealistic. They are the product of uncontrolled desires and spurious subconscious rationalizations. They are absurd in the light of conscious, objective understanding. Yet such idealized images have a great deal to do with the specific desires of people and the specific goals they seek to attain.

It behooves management, consequently, to find out the relation between what people want and what they *think* or *feel* they want. And management, in dealing with industrial relations, must ever realize that behind the desires, goals, and values revealed by men and women are idealized desires, goals, and values which may be having a far more vital influence upon behavior and relationships. Here again it is essential to penetrate below superficial behavior to its fundamentals, to the nature of the primary drives which are the steam that propels the human dynamo.

In this connection it must be realized that the fundamental drives and desires *are positive and constructive in nature*. All are concerned at least with the fulfilment of basic biological needs: satisfaction of the desires for physical, procreative,

and psychological adequacy. This is not to say that men and women do not entertain negative and destructive desires. Some psychologists hold that such desires, too, may be inborn, elemental, and ineradicable, such as desires to kill and to destroy, or to dominate other people. This, however, is to be doubted. There is strong evidence that people come to have such desires only after some condition has arisen to prevent them from gaining wholesome satisfaction of their positive and constructive desires. There is reason for assuming that people want to kill, to destroy, to get revenge, *only after an element of frustration has been encountered, or in consequence of spurious subconscious rationalizations*. There is reason, too, to regard such negative and destructive desires as unnatural perversions of normal, constructive desires. For instance, a man's real desire may be to feel secure in his relation with another man. Fear and spurious rationalization, however, may cause him to feel that he can gain security in this relationship only by destroying the other man. Then the wholesome desire for security may be perverted into a desire to kill.

The fundamental desires forever and perpetually press for satisfaction. This is due to a combination of circumstances. The elemental biological needs are ever present. The conditions under which people live continually change and introduce elements of frustration—imaginary, threatened, or real. People also are constantly subject to external stimulation of their desires, by the sight or smell of food, by the actions of other people, by the skillful appeals of advertisements and displays in store windows. Probably it is impossible for anyone to cease wanting things, short of death. The intensity of a desire, however, varies greatly from time to time. This intensity is dependent, in part, upon how directly a fundamental desire is involved, in part upon the quality and strength of stimulation, in part upon changes in the possibility of satisfaction, and in part upon the intensity, scope, and penetration of elements of frustration.

As has been suggested, fundamental desires may seek satisfaction in wholesome or unwholesome ways. There is reason

to assume that normally the fundamental desires seek expression through wholesome means and find expression in wholesome specific desires. When, however, such is not found to be possible, the desires nevertheless continue to press for satisfaction, and for satisfaction by any means, however irrational or destructive, and in whatever perverted form. Ensuing behavior then becomes irrational, aggressive, and destructive.

Various desires often come into conflict, or, perhaps more accurately, people often find themselves in situations where they must deny one desire in order to satisfy another. In such cases, two wholesome desires may be involved, or a constructive desire may conflict with a destructive one. For instance, a man considering two possibilities for employment may be faced with a choice of satisfying a desire for economic security or of satisfying a desire for self-expression or prestige at the expense of economic security. Or an individual may find that while he wants to be honest, he is also swayed by a desire to deceive another person.

Such conflicts of desires, especially when negative or obnoxious desires are involved, result in much emotional strain and destructive conduct. The individual may find himself unable to make a decision. Or he may struggle to repress one of the desires. Or he may find himself subject to ambivalent feelings, mixed feelings of love and hate toward another person, or mixed feelings of elation and despair. Then, too, he will be disposed to indulge in all sorts of subconscious rationalizations or forms of behavior in which he attempts not to let his right hand know what his left hand is doing. Under such circumstances he will dissipate a great deal of energy in vain efforts to repress his real feelings, and he will become subject to emotional turmoil which will increasingly undermine his powers of self-control.

All of these concepts of the nature and operation of the drives and desires which are inherent attributes of human nature are obviously of basic significance in the administration of industrial relations. They show that men are not only creatures of habit, but also creatures of desire. They demonstrate

that in managing the relations of people, administrative procedure must take into account the necessity for providing wholesome means of satisfying these desires. Particular consideration must be given to the fact that specific desires are never insignificant and lead back to the most elemental wants and needs.

It is thus of great importance for management to understand what happens when people are subject to frustration of their desires. Here it is necessary to be familiar with what psychologists describe as the process of frustration and aggression.

The essence of this concept is that when men engage in unreasoning, aggressive, and destructive behavior, such as suicide, murder, strikes, and wars, they are giving evidence of an ultimate overwhelming emotional reaction to conditions which have blocked or threatened the satisfaction of their fundamental desires and needs. This end result is conceived as following a process of frustration, emotional rebellion, and irresistible stimulation to take any kind of action to alter circumstances which have become intolerable.

The steps in this process, somewhat oversimplified, are as follows:

1. A circumstance arises to prevent or threaten satisfaction of one or more strong and elemental desires. The desire is stimulated, but either it can find no outlet, or it becomes subject to repression. Emotional reactions of uncertainty, fear, anxiety, hate, and anger are aroused.

2. Mostly subconsciously, the mind seeks to recall some past experience or originate a plan offering means of satisfying the thwarted desires. But emotional turmoil prevents realistic discrimination. A solution is decided upon which otherwise would be seen as irrational. Superficially, this process results in a shift of desires—but actually the basic, real desires remain and only find expression in illogical desires. For instance, real desires for security, self-fulfillment, or respect are in a sense perverted and become reflected in abnormal desires for power or revenge.

3. The individual becomes torn by conflicting emotions and desires. On the one hand, he is subject to an impulse to attempt to satisfy his desires by any means, or to act in ac-

cordance with desires which he subconsciously recognizes as repugnant. On the other hand, he attempts to repress this impulse and is subject to increasing fears of penalty and punishment. What he really wants, he subconsciously recognizes, is wholesome satisfaction of his desires, and he realizes that his impulse to seek satisfaction otherwise is to be distrusted. This inner struggle, however, saps his energy, and he suffers increasing nervous or emotional (and physical), fatigue.

4. Under the influence of fatigue and emotional turmoil, the powers of control weaken. The individual becomes subject to a subconscious emotional "fixation of attention." He becomes less and less able, consciously and deliberately, to concentrate on the problem of removing the frustrating circumstance or to exercise discriminating judgment in working out some acceptable adjustment or substitute means.

5. Finally, either something occurs to give a new stimulation to the frustrated desires, or continued stimulation becomes unendurable. Then the individual acts to remove the frustrating condition and to gain satisfaction of his desires, regardless of the rationality of his methods or the consequences. He also acts regardless of the fact that he may now be attempting not to satisfy his real desires but some perversion of them. His behavior, since it occurs as a consequence of a considerable head of "emotional steam," is aggressive. But because it is emotionally motivated and based upon false rationalizations, it is also unreasoning and destructive. It is, of course, fearful, often extremely so.

This same process occurs when groups of people, and indeed whole nations, are subjected to a common frustration and to general conditions causing similar emotional reactions and rationalizations. Mass frustration, emotional disturbance, and rationalization consequently result in mob violence, in unreasoning, destructive aggressiveness.

The magnitude and intensity of unreasoning aggressive behavior depend in part upon the scope and intensity of the initial frustration. The strength of an emotional rebellion against frustrating circumstances, however, can be built up over a long

period of time, with repeated minor frustrations and stimulations continually adding to the emotional disturbance. The violence of unreasoning aggression may also be in direct proportion to the extent to which those affected have attempted to repress their desires and the degree to which they have feared such aggression would be punished.

In an individual, for instance, unreasoning aggression may take the simple form of an outburst of temper over some sudden disappointment. Or it may take the form of bitter and intense self-punishment or sadistic attacks on others over a long period. A few workers may "blow up" and walk off the job for a little while because of some unfairness on the part of a foreman. Or a group of workers may organize and carry on a bitter strike for months, despite all sorts of hardships. Or the people of a nation who have been oppressed for centuries may carry a political rebellion to great extremes of cruelty and violence, as was the case in the French and Russian Revolutions.

People who are engaging in unreasoning aggressiveness born of intense frustrations cannot readily be brought to respond to reason. Neither emotionally unbalanced individuals nor excited mobs can be expected to acquire realistic understanding or to use discriminating judgment. Before this is possible, the "emotional steam" behind their conduct must be allowed to spend itself. It will subside within a short time, because people do not have the energy to maintain a state of high emotional tension for very long. The endurance of a state of emotional intensity, however, is dependent upon whether fuel is added to the flames. The initial outburst can, of course, do serious and even irreparable damage, as when an unbalanced individual commits suicide or an excited mob burns and kills. What is needed, therefore, in the initial phase of unreasoning, destructive behavior is action which is designed to hold damage to a minimum, but which will avoid intensification of the frustration or stimulation of the rebellious desires.

At that point it is necessary to take action which is emotionally reassuring. The need is to allay the feelings of fear and anxiety which are so much at the root of destructive and irrational

behavior. This principle is observed by psychiatrists in treating emotionally unbalanced individuals, and it applies in the treatment of groups whose frustrations have resulted in emotional turmoil, such as a group of workers who have gone on strike. Sometimes, for instance, no action at all is most reassuring. But usually those who must deal with individuals or groups whose emotional tensions have caused them to engage in irrational and destructive behavior must act in one way or another to demonstrate that they will not mete out revengeful punishment, that they have a sympathetic understanding of the situation, that they have a sincere desire to set the situation aright.

This can be done in many ways. For instance, one management, in dealing with a strike, first closed down the plant and left town for a few days. This gave the "emotional steam" behind the strike a chance to subside. Then the management called the strike leaders together and told them that none of them needed to fear the loss of his job, that if there were children or aged persons who might need food or medical care the company would see that it was provided, and that a little later on an effort would be made to talk things over. At the conference the executives representing the company showed an attitude of sympathetic concern, mingled with patient firmness, which did much to allay the strikers' fears and to give them *feelings* that perhaps they had been a little foolhardy in striking. The management was careful, however, not to attempt or encourage any discussion at this stage of the issues involved in the strike.

Frustrating conditions, of course, do not necessarily result in unreasoning aggressiveness. So long as people are able to deal with them objectively and with intelligent judgment, such conditions may prove only an incentive to constructive action. When, however, the process of frustration, rebellion, and destructive aggressiveness has run its course, an objective and intelligent approach can be undertaken only after the emotional turmoil has subsided and those affected have been emotionally reassured.

In dealing with the process of frustration and aggression, the

element of fatigue must be given special consideration. Under conditions of frustration and repression of desires, the energy which might be employed in intelligent concentration is mispent. The inner emotional conflicts exert an energy-sapping strain quite in contrast to the energy-conserving operation of ordinary subconscious processes of motivation. The tantrum of an over-tired child and the violence of an exasperated mob have a common cause—a combination of physical and nervous or emotional exhaustion. Consequently, people often suddenly act with unreasoning aggressiveness, because fatigue has reduced them to a point where the last vestige of self-control has been lost. Usually people who engage in such behavior are often at both an emotional and physical breaking point. This is another reason why their violence is likely to be uncontrollable but short-lived, and why emotionally reassuring action must be taken before they can be brought to give controlled, conscious attention to the conditions which frustrate them. This is why, also, it is important to avoid putting people under conditions which are fatiguing when trying to deal intelligently with frustrating circumstances. It must be remembered that physiological fatigue not only reduces the capacity for conscious attention and reasoning, but increases emotional tensions.

The administrative implications of the process of frustration and aggression are plain. Management should forever guard against actions or the development of conditions which involve needless frustrations of men's fundamental desires and needs. It should in every possible way attempt to make unavoidably frustrating circumstances subject to objective analysis and intelligent understanding and adjustment. In the event that frustration results in unreasoning aggressiveness, management should be aware of the nature of the process and the problems of emotional release and reassurance involved. Clearly it should be a basic principle of administration that people suffering emotional turmoil, and motivated by frustration to engage in irrational and destructive behavior, need to be helped, not punished, and should not be made the subject of vengeful retaliation. It is also evident that calmness and sympathetic

firmness are administrative necessities in dealing with this particular process of human nature.

People cannot assure wholesome satisfaction of their desires merely by exercising "will-power." What is commonly conceived as will-power is really an emotional drive to satisfy or to restrain the desires. The compulsion to do either may result from strong stimulation or from fear of the consequences. Emotional determination to do what one "ought" to do or refrain from doing what one "ought not" to do may result also from ideas of "right" conduct which, though self-imposed, are unrealistic, or from externally imposed ideas of what is permitted or tabooed. What is commonly referred to as "conscience" is really a combination of subconscious rationalizations and emotional responses to standards of conduct which have been established by the circumstances of the individual's environment. A man's "conscience" may thus become a cruel master and an unrealistic basis for control of behavior, since his standards may be set in terms of his "idealized images" or imposed by society, and they may not always be sound. Often, for instance, such standards are imposed with the objective of forcing an individual into a status of subserviency to arbitrary authority. What one "wills" to do or not to do thus may have no relation to reality and may only intensify one's frustrations.

Such concepts as "strength of character" or a "man of good conscience" may be most misleading. A man of strong character may only be one dominated by desire. Or he may be one who is forcibly repressing desires because of rigid—and usually unintelligent—parental or social discipline. In either case, there is the likelihood that such a man is driven or torn by inner frustrations, conflicts, and rebellions. He is likely at any time to indulge in unreasoning aggressiveness of either a sadistic or masochistic form. The same is true of the individual of "weak character." Such a one usually is motivated by undisciplined desires and spurious rationalizations born of unintelligent training and conditioning. His behavior, too, is emotionally governed and is likely to have little basis in reality.

People are perpetually obliged to make choices between vari-

ous means of satisfying their desires and to work out adjustments to frustrating circumstances. The extent to which they can do this objectively and in terms of reality depends upon their innate capacity to make intelligent, discriminating judgments *and the extent to which this capacity has been nurtured and developed*. The foundation of disciplined and constructive behavior is wisdom. It is not will-power or slavish conformity to externally imposed ideas of right or wrong.

Someone has said that good judgment comes from experience, and experience comes from bad judgment. This is not necessarily so, but it does point up the fact that the ability to exercise discriminating judgment, based upon intelligent, realistic understanding, must be developed. All normal people are born with the ability to observe, to compare, to appraise their circumstances and experiences, in greater or less degree. All have an innate capacity for intelligent understanding and hence an ability to make discriminatory judgments. All men thus have at least *some* ability to control their behavior through understanding and reason. And most people have "common sense" adequate for their needs. It is a mistake to underestimate this ability and to confuse ignorance and lack of intelligence.

However, as Professor F. A. Magoun has pointed out, the ability to make discriminating judgments and so govern behavior by reason must be acquired, much as people learn to walk. The ability cannot be developed if a child is not given a chance to make choices and decisions. Nor can it be developed unless he learns, or is taught, to appraise his experiences and understand his mistakes. The ability to govern behavior by intelligent, discriminating judgments also cannot be acquired merely by learning or observing rules. It can come to maturity and power only as people learn to analyze their circumstances objectively, to understand principles, and to apply them to individual problems. Also, skill and power can be achieved here, as elsewhere, only through practice and sound habit formation. Even an exceptionally intelligent and well-educated man can make absurd judgments in a field of interest or in circumstances to which he is not accustomed, if he has not learned and prac-

ticed the art or technique of thinking from surface situation to fundamental principle and to a realistic application of principle.

Development of the ability to exercise discriminating judgment is the basis of both emotional stability and intellectual maturity. When a man really understands the nature of his needs and wants, the nature of his emotional reactions, and how he can or must deal with the circumstances under which he finds himself, and when he has acquired power to exercise discriminatory judgment, he is then able to assure that his behavior will be constructive. Not that any man has ever achieved this ability to perfection. But the greater the ability to understand and to exercise discriminating judgment, the more chance a man has to gain wholesome satisfaction of his desires or to make acceptable adjustments to frustrating circumstances. And such a man truly possesses strength of character and a real conscience, for his personal discipline is not based upon fear or repression, but upon intelligent adaptation and personal integrity. He is swayed neither by uncontrolled desire nor by unrealistic taboos.

This is why management, in the administration of industrial relations, should make provision for the development of understanding between employees and employers. But beyond this, management should make provisions for developing the ability of both executives and employees to exercise their powers of discriminating judgment. This, of course, is why employees should *participate* in the consideration of industrial relations problems and share in working out solutions. A group of workmen cannot be expected to understand, to make sound judgments—including acceptance of sound decisions by management—unless their power to do so is nurtured and made strong by exercise. Management simply cannot expect employees—or executives for that matter—to act intelligently or constructively if they are merely made subject to rules and regulations or, worse still, if discipline is based upon authority and fear. Discipline—and emotional and intellectual maturity—in industrial relations must be based upon respect born of understanding and upon ability to make discriminating judgments.

■ IV

FACTORS OF SOCIAL CONDITIONING

HUMAN beings do not exist in a vacuum. They live in various natural environments and are reared in different cultures. Conditions of their environment and social order have a profound influence upon their emotional attitudes, their judgments and beliefs, and their behavior. Human relations and the operation of human nature thus are subject to the effects of various kinds of environmental and social "conditioning."

Much environmental and social conditioning is due to factors which are *local, superficial, and changeable*. There are, for instance, factors of local environment which cause people to prefer certain foods, or to dress in a certain way, or to accept certain social customs, but which are only superficial in their effects. When people move away from such an environment they may quite readily learn to prefer different kinds of food or clothing and easily adapt themselves to different social customs. Differences of language, for instance, offer a good example of local, superficial, and changeable factors of social conditioning. Some of these factors may, however, be less subject to modification, such as those relating to the relations of parents and children,

form of government, and religion. Local ideas of morality may be carried from one environment or culture to another, for example, and though really superficial, they may color people's attitudes and complicate their relationships.

There are other factors of environmental and social conditioning which are *general*, *fundamental*, and *constant*. One of these, for instance, is the fact that all individuals are unavoidably members of some family, race, and society. Another is the necessity of all people to have food, clothing, and shelter. These general, fundamental, and constant factors of social conditioning are readily lost sight of because they find expression in the specific, local, and superficial factors of social conditioning. They are reflected in various local customs, sanctions, and taboos pertaining to betrothal, marriage, the relations of parents and children, ownership and inheritance of property, and the rights of employers and employees. The general, fundamental, and constant factors of social conditioning, however, have such powerful influence upon human relations that they will be considered at length in the succeeding pages of this chapter.

The factors of environmental and social conditioning may be either reinforcing or weakening in their nature and influence. For instance, a favorable natural environment and generally accepted laws and customs may give a group of people great support in their efforts to meet their needs for physiological and psychological adequacy. A common religion and moral code, an accepted social structure or status system, assuring each his place, and a form of government in which all have confidence can, of course, enable all of the individuals in the group to judge what conduct is appropriate and give them protection from non-conformists. On the other hand, people can be subjected to forms of social conditioning which are frustrating and disintegrating. An autocratic, dictatorial government offers an example of this. On every hand people may find themselves subject to an arbitrary power of domination and to an imposition of cultural ideas which give them no chance for either economic security or self-development short of revolution. An

economic culture dominated by ruthless monopolies provides a disintegrating form of social conditioning.

In considering how people are influenced by the conditions of environment and culture, it is necessary, therefore, to determine the extent to which the factors involved are local and superficial, common and fundamental, and the extent to which they reinforce or weaken the efforts of people to provide for their biological needs. It is necessary, in other words, to determine the extent to which innate factors of motivation are modified or exaggerated by conditions of environment and culture, and the nature of the factors involved. For example, the sons and daughters of immigrant factory workers will assuredly seek to satisfy their desires in quite different ways from those followed by their parents. They will have quite different ideas concerning both intermarriage and employer-employee relations. Their emotional attitudes, standards of value, and behavior will all be different, because they have been subject to the influences of a new environment and culture. Their parents' ideas will be somewhat modified, but they will never throw off completely the beliefs and customs of the old country.

Now as to the nature of common, fundamental, and constant factors of environmental and social conditioning.

All human beings are subject to three elemental dependencies. Men can never hope to be free from these dependencies—they are inescapable. They can only try to make these dependencies secure and constructive.

First, men are dependent upon their own attributes and capacities. These determine their ability to live with themselves, to adjust to or influence other people, and to adjust to or change the conditions of their environment. This dependency has already been considered in the two preceding chapters and needs no further exposition here.

Secondly, men have an elemental and inescapable dependency upon other men. Few men have the capacity to make themselves self-sufficient. Other men have desires and needs which must be satisfied. The extent to which men can meet the needs of existence thus depends inevitably upon the abilities,

attitudes, and actions of other men. This is true, of course, from infancy through adult life.

Thirdly, men are dependent upon physical nature, upon conditions of soil, climate, and natural resources—vegetable, animal, and mineral. Their thoughts, feelings, and actions are all greatly influenced by the presence or lack of a favorable physical environment, and are influenced both with respect to satisfaction of their physiological wants and their relations with other men.

Men have always been confronted by these elemental dependencies, and still are. They exert now, as much as at any time, a basic influence upon human behavior and relationships. Civilization has only painted a superficial gloss over them. Consequently, in approaching any problem of human relationships, it is well to examine the influence of these basic factors of social conditioning.

In the past, the dependence upon physical nature was perhaps of greatest importance, for as long as men lacked the ability to provide themselves adequately with food, clothing, and shelter, to combat famine, flood, and drouth, or the facilities of transportation essential to counteract local lacks of natural resources, their dependence upon nature was bound to be insecure and fearsome. Then men unavoidably lived in an "economy of scarcity." They simply could not produce the material necessities of human life in adequate quantities. Nor could they protect themselves from disease. In short, so long as men lacked scientific knowledge and technological ability, their dependence upon physical nature had a terrifying association with their elemental biological need for physical self-preservation.

This circumstance had two main effects. It caused men to exert themselves first of all to get the material necessities of human life. They were "conditioned" first of all to seek to satisfy their physiological desires and needs. But this, in turn, influenced them to have relatively small regard for human life and the welfare of their fellow men. From their precarious dependence upon physical nature men were conditioned to accept a

"dog-eat-dog," and "eye-for-an-eye," and later, a laissez-faire philosophy.

The second elemental dependency, that of men upon other men, was consequently also made precarious and fearsome. For centuries no man could ever be at all sure that he would not be attacked and destroyed by some other man who lacked the material necessities of life. No nation occupying a locality with rich natural resources could ever be certain that it would not fall prey to an aggressor. The weak were at the mercy of the strong and were perforce obliged to accept a status of *subservient* dependency. But the strong were never secure—they might be attacked at any time by other powerful men or find themselves threatened by a desperate rebellion by the weak.

In modern times, however, the weight of these dependencies has changed. Science and technological development have steadily lessened the insecurity of men's dependence upon physical nature. This dependency need no longer be so fearsome and threatening. It lies almost within the grasp of men to assure themselves a permanent "economy of abundance." What fear is left is more of a secondary fear that technological ability and natural resources will be misused, that the facilities for producing the necessities for human welfare will be employed in producing instruments of destruction, that raw materials will be withheld, that natural resources will be exhausted for destructive purposes.

Modern industrial or technological civilization thus has complicated and intensified the elemental dependency of men upon other men. The farmer, the industrial worker, the professional man are not only far more dependent than ever before on each other's efforts, they are also dependent upon the work of unknown scientists in obscure laboratories and upon the actions of workers, employers, and politicians in all parts of the world. Anywhere a disruption of the complicated and delicate mechanism of technological civilization can have unfavorable or disastrous effects upon people on opposite sides of the globe. If any group of men in any nation undertake to employ techno-

logical ability to wage war, the repercussions are felt throughout the world, and carry a threat to all men.

Modern technological civilization has brought with it the promise and hope of peace and plenty and so has stimulated the desires of the whole human race for conditions of physiological and psychological adequacy. But modern technological civilization has also brought the possibility and threat of worldwide destruction. Here, on the one hand, is an unprecedented stimulation of desire—the greater because the chance of satisfaction is increasingly apparent. On the other hand, there is a colossal threat of frustration, the possibility of plunging the world into destruction and despair. So throughout the world men are plagued by fear and given an incentive to unreasoning aggression. As never before, consequently, the elemental dependency of men upon other men has become intense, fear-some, precarious. The great need of modern times has become that of making men's dependence upon other men secure and constructive.

This is as true in industrial relations as in any other sphere of human relations. Perhaps the insecurity of this dependency of men on other men is even more acute in industrial relations, because in this sphere the effects of technological development have been more directly apparent and more directly felt.

Let us now turn to a consideration of how men have dealt with their elemental dependencies upon nature and other men.

The elemental dependency upon physical or inanimate nature gave men a tremendous incentive to make the most of its bounty and to protect themselves from its hardships. In order to live, they were forced to find means to make this dependency secure and to remove its threats to human existence. For a long time men were not very intelligent in their efforts to do this. They tried to dominate, coerce, and seduce nature. They sought by incantation and human sacrifice to induce the gods of the sun and the moon to send them rain or make the soil fertile. They sought to combat disease by wearing charms and amulets and engaging in fantastic rituals. King Canute once commanded the sea to roll back, with well-known negative results.

But eventually men came to realize that such methods would not work. Nature could not be seduced, coerced, or dominated.

Men then were forced to try a different method. They began to make themselves crude tools and to study nature and its ways. Gradually, they came to see that they must understand the physical and chemical characteristics of nature, its processes, and its laws. Then they became aware of the fact that they must contrive solutions of the problems created by their dependence upon nature in accordance with its laws. Men found that they could not *conquer* nature but needs must understand and cooperate with it.

To be sure, men talk vainly about "conquering nature." What they have learned to do is to conquer their *dependency* upon nature—to make this dependency a secure one. Once men began to learn natural laws and to cooperate with nature, they were able to develop the sciences of physics, chemistry, and mathematics. Then they were able to develop the necessary technological ability. Only when they finally undertook an intelligent approach, were they able to make real and rapid progress in dealing with their elemental—and formerly fearsome—dependency upon nature.

There are still backward people, but centuries of experience have now conditioned most men to deal intelligently with their dependence on nature. And such is the source of management's methods of dealing with technological problems, of contriving solutions through an objective application of scientific principles.

Men have been conditioned in no such way with respect to their elemental dependency upon other men. Early in history men found that *human* nature could be enticed, intimidated, and, if need be, destroyed. They also found that these methods were easy to use. It only required shrewdness to devise means of enticement or intimidation or physical power to destroy. Possessing either, the shrewd and the strong could readily stimulate desire, create fear, or kill. Also, the more people were subject to a fearsome dependence upon physical nature and the more ignorant they were, the more readily the methods of

enticement, intimidation, and destruction could be employed. This circumstance, of course, still holds, though those who would gain power of domination over other men must now, perhaps, be somewhat more clever.

However, the fact that human nature can be enticed, intimidated, and destroyed has, from the dawn of history, provided an almost irresistible incentive to deal with the dependence of men upon other men in accordance with a principle of power through domination. Men were given an incentive to attempt to make other men both dependent upon and subservient to them. This was the principle followed by the ancient kings and the medieval barons. It is the principle which has been followed by modern czars, kaisers, dictators, politicians—and some industrial managers. But it has also been the method which has been employed by parents, teachers, and religious leaders. All those who have sought to gain power or to retain authority over other human beings—in the family, the school, the church, the industrial plant, the nation—have relied *mainly* upon the fact that human beings can be enticed, intimidated, and coerced.

The principle of power through domination has been used, too, because it has again and again yielded desirable *short run* results. This has been particularly true for those who have sought power and authority and who have been shrewd or strong enough to attain it. But the *short run* benefits to those who were forced to accept a status of subservient dependency have also been considerable. In medieval times the subservient dependents of a feudal lord benefited because their dependence upon physical nature was made more secure. The same was true in the post-Civil War era of the workers under the paternalistic mill village system of the newly born Southern textile industry. The European emigrants employed in the steel and coal industries also benefited *for a while* under autocratic dominating managements. Today the people of Russia accept the domination of a Communist dictatorship for the same reason. A majority of the people of the United States displayed a disposition to accept domination by the Federal Government

in the depression of the nineteen-thirties because in *the short run* it seemed likely that they would be more secure economically.

In all ages and in all civilizations men have been conditioned to contend with their elemental dependency upon other men through a philosophy of domination and subserviency and by methods of enticement, intimidation, and destruction. What we have developed throughout the world generation after generation is a *coercive morality*, which has ever been designed to maintain those in authority in a position enabling them to exert the power of domination. We have put management of the dependence of men upon other men upon the basis of appeal to desires and the creation of fear. Discipline has been based upon irrational promises of reward on the one hand and equally irrational fear of punishment upon the other.

To this end we have invented most of our ideas of what is right and what is wrong.¹ We have cultivated the idea of the sanctity of parental authority in the family, teaching that parents must be respected, whether or not they deserve respect. We have done likewise with respect to the authority of teachers. Religious leaders have attempted to hold their followers in line by promises of eternal rewards in heaven and punishments in hell—neither of which are to be delivered until after death—and they have invented creeds and rituals to bolster their elemental application of the philosophy of domination and subserviency and to provide smoke screens to their methods of enticement, coercion, and destruction. In government we invented the myth of the divine right of kings, and law has been made, not an instrument of intelligent restraint and control, but an instrument of coercion and terror. In industry and commerce we have applied the philosophy of domination and the methods of enticement and coercion *both* in competition and in labor relations.

It became apparent early in history, however, that this ap-

¹ G. B. Chisholm, M.D., "The Psychiatry of Enduring Peace and Social Progress," *Psychiatry*, Vol. 9, No. 1, Feb., 1946. William Alanson White Foundation, Inc., Baltimore.

proach to the elemental dependency of men upon other men had some dangerously adverse effects. In very ancient times it became apparent that some men could not be given unrestricted power to entice, coerce, and destroy other men, whether in economic, religious, or political life. It early became apparent that after a period of time the unrestricted power of domination led the weak to band together and rebel against the strong. It also became apparent that one group of strong men constituted a threat to another group, and that this led sooner or later to a test of power between them. Early in history, then, men began to do two things. The first was to work out laws to govern their relationships, which was a great step forward toward making their elemental dependency upon each other secure, even though law was perverted to maintain the power of those in authority. Men were forced, literally, to develop both moral and political law. Secondly, men were brought to create various "status" systems, in the family, in the tribe, in the state, and in the general social order. Men began, though dimly, to realize that all must have some status and some security in their relationships. So from slave to nobility, gradations came into being, each carrying or acquiring more or less accepted rights and responsibilities.

The idea of status systems, of course, remains a basic factor in human relations today. One need not go outside a modern manufacturing plant, for instance, to see how men have come to place reliance upon the ideas of law and status systems in the regulation of their relations. Factory rules and regulations, written and unwritten, are the counterpart of law. The gradations from president, through the different levels of management, to the level of labor, embody the concept of a status system. But what is really important is that both devices were either invented or perverted as instruments to maintain the power of domination of those in authority. That is why people fear law and fear class systems, whether in the factory or in society generally.

The *long run* result of the philosophy of domination and subserviency has invariably been rebellion and destructive conflict.

This is certain to be the end result of a coercive morality. It is psychologically unsound. Since it denies the need of all men for a sense of personal integrity or psychological adequacy, it is frustrating at a most fundamental level. Since it is based upon fear, its development leads to emotional turmoil, rebellion, and unreasoning aggressiveness. This is demonstrated again and again throughout history. Whether in government or religion, those who have assumed power of domination and have depended upon enticement, coercion, and destruction, have gotten an eventual response of fear and rebellion from those whom they attempted to hold in subservient dependency. They have been forced to ever more ruthless methods to maintain their power and so to make those they would hold dependent, more and more subject to fear and frustration until their condition becomes intolerable. Again and again, those trying to hold power of domination have attempted to divert the eventual unreasoning aggression of their subjects and direct it away from themselves toward other tribes, nations, religions, classes. They have often succeeded—for a time. But those who have lived by the sword have perished by the sword. Even when they have been able utterly to destroy one adversary, others have arisen to threaten or destroy them.

But such has been our preponderant social conditioning through all the generations with respect to the elemental dependency of men upon other men. And this, fundamentally, is why this dependency has continued to be precarious and fear-some.

There has, fortunately, been a countertrend. As has been noted, men came to realize early in history that unlimited power of domination was intolerable. They undertook to combat it by the harsh tenets of ancient law and with attempts to protect themselves by status systems. Eventually, men came also to develop a new philosophy of human relations. This found early expression in ideas of democratic and republican forms of government and in the theology of the Christian religion. Ideas of political freedom, social equality, the dignity of labor, and respect and mercy for the individual took hold.

These, of course, ran into both vested powers of domination and had to contend against centuries of conditioning of men to rely upon coercion and destruction. These ideas also had to struggle for general understanding and for acceptance in the face of fears engendered by a continuing dependence upon nature.

Eventually, however, the desirability of religious and political freedom and of social equality was recognized by enough men and provided enough incentive to cause them to establish societies designed to protect men from ruthless conditions of domination and subserviency. Such societies came into being notably in Great Britain, France, and the United States. Nowhere in the world, however, have such concepts made as much progress and had as much effect upon the dependence of men upon other men as in the United States. Here, as nowhere else, has the elemental need of men for psychological adequacy and for a secure relationship with other men been a basic factor in social conditioning.

It is important to realize how this development was aided by the conditions of natural environment, and how it is now being threatened by offsetting technological factors. Early settlers found in America conditions which ultimately decreased their dependence upon nature. Here was a land of amazing natural resources. Here, too, was a land separated from the old, warring cultures of Europe and Asia by wide oceans. Here, then, was a natural environment, in every way favorable to an attempt by men to govern their relationships in accordance with concepts of religious liberty, political freedom, and social equality. Even so, men were so conditioned by the philosophy of domination and subserviency that a civil war had to be fought to rid the nation of a master-slave culture. And conditioning in the methods of enticement, coercion, and destruction still exerted an unfavorable influence in economic, social, and political life.

In recent years, the people of the United States, like those of other nations throughout the world, have found the dependence of men upon other men made more complicated and fearsome by technological development. Inability to manage our modern

technological civilization has resulted in the phenomena of widespread unemployment and demoralizing depressions in a land of plenty. The sense of insecurity thus created has led in recent years to what is virtually a fundamental change in our form of government. We have seen a widespread acceptance of the idea of a powerful central government and dependence upon and subserviency to it take hold. We have also seen a great shift in economic relations, with great labor organizations rising to seek power of domination over capital and even over government. We have seen a growth of class consciousness and a resort to law to attempt to compel acceptance of racial, religious, and social equality. The age-old concepts of domination and subserviency and of enticement, coercion, and destruction have reasserted themselves.

But beyond this, the people of the United States have in modern times found the security of their dependencies on nature and on other men subject to unprecedented threats from Europe and Asia. No longer do the oceans offer protective insulation from peoples preponderantly swayed by the philosophy of power through domination. Modern technological developments have made us subject to attack from any part of the world. Twice within the present century we have been impelled to engage in world wars because of the threats to our security. And we are now being impelled to accept the principle of domination and the age-old methods of enticement, coercion, and destruction as the basis of our policy and behavior in international relations. We have, for instance, already tried both to entice and coerce Russia, and now there is common talk that some day that nation and the United States will have to engage in a destructive conflict for domination in the form of ruthless war.

The problem is clear. Men are able as never before to contend successfully with their elemental dependence on nature. They must now find equally effective means of contending with their elemental dependence on other men. Economic security and prosperity depend upon this. But men must also make human interdependence secure and constructive, if they are

to assure themselves of religious liberty, social equality, and political freedom. These freedoms will remain tenuous and uncertain so long as men are subject to fears of domination or subserviency and to methods of enticement, coercion, and destruction in either economic, social, or political relationships.

How, then, can men overcome centuries of conditioning to accept a philosophy and to employ methods destined to lead only to destructive conflicts and to make human interdependence terrifying and insecure? What philosophy and methods can be employed which will assure constructive solutions of the problems of human interdependence and result in social conditioning assuring such solutions?

The answers to these questions depend upon whether men approach the problems of human interdependency as they were finally forced to approach the problems of their dependency upon nature. Fortunately, men have begun to do this. They have begun at long last to make a scientific approach to the problems of human relations. The sciences of psychology, psychiatry, medicine, anthropology, and sociology have come into being. Within a few generations much scientific knowledge of the attributes and processes of human nature and the conditions essential to constructive human relations has been acquired. Men at long last are beginning to see that they must understand and observe the laws of human nature if they are to make their elemental dependency upon other men secure and productive. Herein lies the hope of effective means of dealing with this dependency, both in the form of methods and of social conditioning.

The knowledge produced by the human sciences admittedly can be employed destructively. It is as much a two-edged tool as the knowledge produced by the physical sciences. But there is reason to believe that scientific knowledge of human nature and human relations will be employed constructively when *enough* men understand what conditions are essential to secure constructive human relations. The whole struggle of the human race against the adverse forces of nature and against degrading social and political relations offers strong evidence of these. The

main reason why men have allowed themselves to become subject to a coercive philosophy and morality has been fear, engendered by ignorance. It is this which has enabled unscrupulous leaders to rule by the demoralizing methods of enticement and intimidation. The defense of humanity against those who would wield power of domination and against a coercive morality is knowledge of its own human nature and how its needs can be best met.

Until enough men realize the futility of the methods of enticement, coercion, and destruction, those who do must rely upon power. They must use power to protect themselves from other groups or nations who are motivated to engage in unreasoning aggressiveness. To these ends they must be prepared to use technological power, the power of economic resources, and psychological power. But such powers must be used constructively, to restrain rather than to destroy, to assure confidence rather than fear, to bring understanding rather than confusion.

The great difficulty has been to get *enough* people to understand how they can use their various powers so as to make their dependencies secure. This difficulty has been due partly to lack of scientific knowledge of human nature and human relations. But it has been due even more to the fact that those who have sought to subject people to a coercive morality have ever used an oblique approach and techniques of disintegration and demoralization. Political, military, religious, and economic dictators have ever employed indirection as a means of enslaving men. When the techniques they have used are examined, it becomes clear why it has been difficult to get enough men to understand how they might make themselves economically secure and develop constructive relationships with other men.

The principal means used to keep people in a state of subservient dependency are as follows:¹

1. *To prevent the development or use of the ability to use discriminating judgment.* There are several common techniques

¹ Rand, Ayn, *The Fountainhead*, Bobbs-Merrill Company, New York, 1943. This novel offers a brilliant analysis of the means used to subject people to conditions of subservient dependency.

which serve this purpose. One is to keep people ignorant. Another is to confuse them by feeding them contradictory facts and raising contradictory issues. Perhaps the most general and insidious means is to indoctrinate children at an early age as to what they should believe and to teach them to obey, but not to reason.

2. *To keep men afraid.* This is commonly done by emphasizing their insecurities, especially how they might be attacked by other men. An effective means of keeping men afraid is to make them feel insignificant. This is often done by picturing the helplessness of the individual in contrast to the powers of the state, of nature, and of God. Or this can be achieved by keeping men unhappy, contrasting what they ought to have as against what they are able to get. This method is effective because unhappy people feel insecure, while happy people feel self-reliant. A most effective and general technique is to threaten people with punishments extending from simple penalties to eternal damnation.

3. *To undermine self-respect.* This is achieved partly through confusing men's sense of values and partly through fear. But to these techniques is added that of inculcating a sense of sin and guilt, by setting up arbitrary standards of right and wrong, by establishing arbitrary principles and customs of morality and making violations of these "sinful." Nor is this the end. Those who fail to live up to such standards, even though it may be humanly impossible to do so, are condemned as guilty and held up to scorn. By such means, too, people are induced to violate their innate sense of right and wrong and so caused to feel sinful, guilty, and lacking in self-respect.

Those who have employed these techniques have, of course, always contended that their intentions were of the highest order, that their purpose was protection of the tribe or nation, advancement of the race, or salvation of mankind. They have based their appeal on the need of people for a savior and protector. They have carefully concealed the fact that the price of political, religious, or economic favoritism is abject subserviency and loss of individual freedom, for those who would be

dictators have always known that they can hope to gain and hold power only so long as people can be deceived and demoralized.

It takes little imagination to see how the administration of industrial relations has been affected by such techniques. One has only to think of the half-truths and conflicting statements made by both sides in a labor dispute to appreciate how the technique of keeping people ignorant and preventing them from using discriminating judgment has been used. One need only consider the arguments used to persuade people to support coercive labor laws, or accept the closed shop, to see how the technique of making people afraid has been employed. Or one need only recall how some employers have relied upon fear of loss of job to keep employees in line. Nor has the technique of undermining self-respect been neglected in industrial relations. High moral values have been placed upon a collective bargaining basis, and individualistic workers have been denounced as "scabs" and "free riders." Joining the union has been made the price of self-respect. Ambition, thrift, and individualism have been held up to scorn, and men have been condemned as "princes of privileges" merely for possessing wealth.

Clearly the nature, effects, and techniques of social conditioning are necessary and fundamental concerns in the administration of industrial relations. Clearly, antidotes to the poison of the philosophy of domination and subserviency and a coercive morality must be the concern of those who realize the necessity for constructive industrial relations. It does not take much imagination to see that what must be substituted are a philosophy and methods which will give those involved a realistic understanding of how their mutual needs and wants may best be served and their mutual dependence made secure. The principle of administration to be observed is plain: conditions must be provided which will enable employers and employees to order their relationships through realistic understanding, the exercise of discriminating judgment, and on terms of mutual integrity and self-respect. Men must be socially reconditioned to rely upon such a philosophy and methods supporting it.



THE PRINCIPLE OF INTEGRATION

THE rise of democratic forms of government and ideals of religious freedom and social equality have given men hope for the eventual development of secure and constructive human relations. What men have lacked has been an understanding of the principles which must be observed in order to assure such relationships.

It is in this respect that the scientific approach to human nature and human relations holds its greatest promise. It is not too much to expect that eventually the human and social sciences will determine and define the principles which, if observed, will enable men to contend with their dependency on other men with an ability comparable to the ability they now possess for contending with their dependency upon nature. Already these sciences have produced knowledge which makes it possible to reach tentative conclusions as to the conditions which must be met and the methods which must be used to assure constructive human relations and a constructive and cooperative use of their abilities.

For example, the sciences of psychology and psychiatry have made it clear that people have followed three basic principles

in ordering their behavior and relationships. The first of these, the principle, or philosophy, of domination and subserviency has already been discussed. This, and the methods and techniques it involves, have been shown to be psychologically unsound, at least as means of developing constructive relationships. This principle clearly has led only to frustration, fear, rebellion, unreasoning aggressiveness, and so to destructive conflicts for domination. It is plain to see that it can have no other result, because it is based upon denying men any status or sense of integrity, either as individuals or in their relations with other men.

The second basic principle which men have followed in human relations is that of *compromise*. The idea of compromise has been urged for so long as a means of achieving workable human relations that it deserves some exposition and critical examination. Such examination is pertinent, too, because compromises arrived at through more or less voluntary methods of arbitration have been strongly advocated as a means of settling industrial relations disputes.

Why do individuals or groups with conflicting interests resort to compromises? Sometimes they do so willingly, because they see that their interests can best be served by doing so. This, however, is not usually the case. More often, compromises are forced by circumstances which are beyond the control of the individuals or groups concerned. Then they more or less unwillingly resort to and *attempt* to accept some compromise. Most frequently, however, people who are involved in conflicts resort to compromises because neither side has the power to gain the upper hand. That is, they resort to compromise only when they are unable to apply the principle of domination and subserviency. This is particularly true when contending groups are engaging in a destructive struggle for domination. Then, too, compromises are brought about by methods of enticement and coercion.

The principle of compromise is *unrealistic*, general impressions and arguments to the contrary notwithstanding. Even when willingly entered into, compromises are usually nothing

more than stop-gap or superficial solutions. They result, for the most part, when contending parties either wish to avoid the issue or have failed to see it. Again, even when a compromise is reached voluntarily, action is based upon each party's yielding so as to protect its special interests. Compromises, consequently, are unrealistic, because they are not made in terms of the whole situation involved, in terms of mutual needs and interests. More generally, both sides yield only what they are *forced* to yield, regardless of mutual needs or interdependencies.

The consequences of compromises, therefore, are seldom constructive and seldom effect any fundamental correction of conditions which have led to conflicts in relationships. At best, compromises give time for emotions to subside, provide an opportunity for both sides to reconsider or gain a new viewpoint, and give an incentive to deal with the issues by *some other means*. Even when willingly entered into, however, compromises may only make bad matters worse. When compromises are forced upon people, the most frequent consequence is to create or intensify conditions of frustration and a process of rebellion and unreasoning aggressiveness. This is almost always the case where the groups concerned have already been engaging in a destructive conflict for domination. Then, particularly, the conditions imposed by compromise are accepted with reservations, resentment, and a resolve to fight issues out when greater power or better opportunity makes it possible.

To be really effective, the principle of compromise can be used only under special circumstances. It can be effective only when both sides to a dispute recognize compromise for what it is—a temporary means of adjusting to circumstances which cannot be controlled, or a stop-gap until both sides can determine what the issues really are and how they can be dealt with so as to assure the best possible satisfaction of mutual interests. Otherwise, the principle of compromise has the same defects as the principle of domination and subserviency. Both sides are presented with frustrating circumstances and are conditioned to engage later in destructive struggles for domination. Compromises thus too often only postpone the evil day.

The idea of compromise has been so praised as a means of developing satisfactory industrial relations that it is well to illustrate its defects by an example, and, incidentally, to bring out how subtly enforced compromises can lead to intensely destructive conflicts for domination.

During World War I a large manufacturing concern enjoyed an amazingly profitable business. It met its labor needs during this period with a lavish hand. Wage rates were rapidly increased and rose to more than double those of prewar years. The company also made exceptional provisions for housing the workers and for their health and recreation. The workers appeared to be blessed by a most benevolent and paternalistic management. The company appeared to enjoy the "cooperation" of docile employees.

However, a feeling on the part of the workers of managerial domination lay just below the surface. This was concealed by the fact that both company and workers were enjoying economic prosperity. There were, every so often, evidences of employee discontent, but these were smothered by new wage increases or by additional expenditures for welfare work, which caused the employees to tolerate autocratic methods of labor management within the plant.

About 1921 conditions changed drastically and abruptly. The prosperous war years came to an end, and the company began to lose money. Management then abruptly stopped expenditures for welfare work and cut wages. The workers became subject to fear of unemployment and many suffered lay-offs with loss of pay. About this time, also, a labor union became active in the vicinity. Many of the workers at the mill joined the union, and when their membership was discovered by the management they were fired. It soon became apparent that the management must choose between a knock-down-and-drag-out fight with the union and acceptance of the idea of recognizing and negotiating with it, or find some other means of maintaining workable labor relations.

The management reluctantly compromised, and established a plan of worker representation. The employees reluctantly

compromised and "accepted" this alternative to representation by a labor union. In achieving this acceptance, however, the management had resorted to a combination of the techniques of enticement and coercion. On the one hand, the idea of a works council was praised as giving employees a far more effective means of serving their interests than would be offered by a labor union. On the other hand, pressure was put upon trusted workers and foremen to use their influence in support of the company's plan. Torn by fears of discharge and unemployment, uncertain about the strangers who represented the labor union, and confused by the glowing but involved descriptions of the works council plan, the workers little realized that they were really forcing themselves to accept a compromise, but such are the effects of fear, ignorance, and subconscious rationalization.

It was not long, however, until the workers found that the president of the company retained unrestricted power to veto actions voted by the works council. The worker representatives discovered that they could make recommendations concerning working conditions but that they were powerless if the president of the company chose to exercise his power of veto. They had no recourse if he disapproved. Meanwhile, economic conditions got steadily worse, and as they did, the president of the company more and more disregarded recommendations made by the works council for improvement of working conditions, often curtly informing the representatives that their proposals could not be accepted despite the fact that these often had considerable merit. During this period, the president, without more than cursory consultation with the worker representatives, ordered several more cuts in wages. Resentment among the workers, and particularly among those who had been elected representatives, mounted rapidly and became increasingly tense.

Finally, circumstances reached a point where it seemed certain that if the management again cut wages the result would be a strike. Yet another wage cut was considered necessary. Faced with this situation, the president called the worker representatives together and, after giving them plausible reasons, in-

formed them that they should assume some responsibility for the welfare of the company and demonstrate this by voting to cut wage rates. This, the worker representatives felt, added insult to injury, in view of what they regarded as a prior high-handed disregard of their status and responsibility to the workers. The leaders among the worker representatives refused to take the responsibility which management had thus tried to foist upon them, and, for taking this stand, those who had openly expressed opposition were summarily discharged.

This brought the underlying relationship of domination and subserviency into the open. The workers were quick to realize that despite past paternalistic benevolence and the plausibility of the works council plan of representation, they had never had a status which assured them either self-respect or economic security. They realized only too well that they were subject to despotism, which, though beneficent in the past, had now become ruthless. Like other benevolent despots, the management had remained benevolent only so long as this served its purposes. These sudden realizations of the deceptiveness of their relations with management infuriated the employees. Almost overnight they shifted their allegiance to a labor union, and went on strike. A long, bitter, and destructive conflict for domination ensued, with both workers and management indulging in acts of unreasoning aggression for nearly a year.

This example well demonstrates how enforced compromises, born of an underlying reliance on the principle of domination and subserviency, can result in a process of frustration and aggression, and in futile, destructive conflicts. The evidence is that enforced compromise is not a psychologically sound means of assuring constructive relations. It is of value only when contending individuals or groups are given an incentive to find better means of making their interdependency secure. The chances are always against this.

We come now to "integration," a third basic principle which can be applied in the solution of problems of human relations. A principle and process of integration has, in fact, sometimes been followed in efforts to develop constructive human rela-

tions and to make men's dependency upon other men secure. It is only within the past three decades, however, that the application of the principle of integration to human relations has come to be well understood. This has probably been best appreciated by psychiatrists as a means of treating mentally and emotionally unbalanced or "disintegrated" individuals. The late Mary Parker Follett was perhaps the first to see the value of the application of the principle of integration to the solution of problems of human relations, and particularly to the solution of problems of industrial relations.¹

The concept of integration is not yet generally understood by management as it applies to human relations. It is, however, well understood in its application to machinery or manufacturing processes. A machine, for instance an automobile, must have the proper assortment of parts. These must be made of suitable materials and must be properly designed. Beyond this the various parts—engine, carburetor, gas tank, exhaust pipe, and the rest—must be combined in a proper *relationship*. An automobile must be an *integrated* mechanism. It will not function unless its parts are properly related and their operations and functions coordinated. Each part must be regarded as an integral unit of a whole mechanism, and all the parts must "cooperate" if both their special needs and the needs of the whole mechanism are to be met.

The same is true of human beings, individually and in groups. If individuals are to function effectively, their physical, biochemical, and psychological attributes must be properly related or integrated. There must in particular be a sound integration of the intellectual and emotional attributes. Otherwise the individual will be mentally or emotionally unbalanced. Psychiatrists recognize this in treating unbalanced personalities and bend their efforts toward reestablishing a sound relationship of the forces of the personality. A sense of personal integrity is a vital human need, and a condition of integration of the psychological mechanism is a fundamental means to this end.

¹ Mary Parker Follett, *Creative Experience*, Longmans, Green & Co., Inc., New York, 1924.

These principles apply to the relations of the various elements of society. If capital, labor, and government are to function together as an effective economic mechanism, their relations must be integrated. The functions and powers of each, like the forces of the personality, must be properly related. But, like the parts of an automobile, these relationships must be based upon scientifically sound principles. The parts of an automobile, of course, must be combined in accordance with sound engineering principles. In the case of capital, labor, and government relationships, these must be organized in accordance with basic psychological principles. Only then can capital, labor, and government be expected to cooperate effectively, and only then can their powers and functions be unified so as to make men's dependencies on nature and on other men increasingly secure.

The principle of integration also applies to the solution of conflicts in human relationships, to conflicts of needs, wants, interests. It applies here particularly to the prevention or overcoming of destructive struggles for domination. For the principle of integration goes deeper than that of compromise to provide a basis for working out enduring and constructive solutions of conflicts. The principle of integration, it must be realized, is predicated upon meeting the needs of the *whole* situation to the greatest possible extent allowed by the circumstances. *It is based upon the objective concept that the only real compulsion to which men are subject is the compulsion of circumstances which they have not yet learned to control.* So long as men are faced with circumstances they cannot control they must adjust, but it makes a vast difference whether adjustments are made in terms of special interests or in terms of the needs of the situation as a whole and maintenance of an integration of relationships.

All this is obvious with reference to the design, construction, and operation of a machine like an automobile. If the parts are not properly related they will, in effect, engage in a destructive conflict when power is applied, with damage, not only to an individual part, but also to the machine as a whole, with the result that the machine will not run. The efficiency of the whole

machine is subject to circumstances which have not yet been understood or brought under control. Automotive engineers have not, perhaps, yet understood how best to explode gas in a cylinder, or they have not yet been able to develop a metal which would stand desired pressures, or they must make the machine of certain kinds of materials because others cannot be obtained. Perhaps, for instance, synthetic rubber must be used instead of natural rubber. So adaptations must be made, but they are made in terms of the needs of the whole situation and the necessity for cooperation and unity of operation of its parts. Even though such substitutions must be made, sound principles of design, construction, and organization of relationships cannot be violated. These still must be observed.

The principle of integration must also be observed in maintaining a machine and adapting it to its environment. A machine must be oiled and greased even when its parts are properly integrated, but lubrication must be suitable in quality, amount, and method of application. When the parts wear out, they must be renovated or replaced. And when they break under strain, *there must be careful analysis of the causes in terms of engineering principles*. When breaks are due to faulty design or faulty organization of relationships, improvement in both directions must be worked out in terms of engineering principles. There must also be constant adjustment and adaptation to meet changing conditions of operation. That is, the machine must be maintained in a proper relationship to its environment. Throughout, it is necessary to effect *continual integrating readjustments* in the operation of the machine.

Comparable necessities exist in human relations. People exist under continually changing conditions and are subject to wear and tear. As in the development and operation of a machine, the development and maintenance of constructive human relations involves continual integrating adjustment. The process, of course, is endless. But if men's dependency upon other men is to be made and kept secure, people must be able, or enabled, to make integrating adjustments. They must constantly meet the changing compulsions of circumstances through an integration

of relationships and through methods which will assure that the interdependent needs and wants of *all* will be served to the greatest possible extent. All may have to accept limitations and choose between alternatives, but these necessities need not result in fear, frustration, and destructive conflicts for domination. They need not, providing the necessity for and benefits of integration of relationships and adjustments are understood and *felt*.

As Mary Parker Follett brought out in her pioneering expositions of the principle of integration, conflicts may be constructive as well as destructive. This has been vividly demonstrated in the results which have come from the conflicts between men's needs and wants and the inclement forces of nature. Here, conflict led to an increasingly intelligent approach to the problem of making men's dependency upon nature secure. The same thing is seen on a smaller scale when an engineer wants a machine to perform in a particular way but lack of materials, proper tools, or knowledge of engineering principles stands in the way. Men did not let such a conflict prevent them from developing the airplane. The conflict was constructive, but it was constructive because the principle of integration was recognized, and the problems involved were approached intelligently and objectively. Not that engineers and inventors have not destroyed designs and models in fits of frustration-born aggression! But they have known that this means would get them nowhere.

Conflicts in human needs, wants, and relationships similarly do not need to be destructive. They, too, can be constructive in consequences. It depends upon how the conflicts of human relations are understood and approached. Clearly they must be dealt with objectively and intelligently and in accordance with the philosophy, principle, and process of integration. This is the only psychologically sound approach, because it is predicated upon wholesome satisfaction of men's needs for both physiological and psychological adequacy, and upon the knowledge that men can meet these needs only by cooperating intelligently to meet the compulsions of circumstances that they are unable

to control. This approach provides an intelligent means of making constructive use of circumstances which *can* be controlled.

Application of the principle of integration in human relations, as has been implied, demands effective cooperation and intellectual and emotional maturity of all of those concerned. But application of the principle of integration also is a means of developing such qualities. Its purpose is to enable men to serve their needs and interests by the exercise of discriminating judgment and by intelligent joint effort. But what of cooperation? Does not the necessity for cooperation involve sacrifices which men cannot be expected to make? Will men not always reject cooperation when their special wants are threatened or their relationships put under strain? Is not the idea of cooperation the antithesis of individual freedom—political and otherwise? What about cooperation, competition, and free enterprise?

These questions might be absurd were it not for the fact that the idea of cooperation is so commonly confused with docile obedience, or viewed as a unilateral matter, or conceived of as leading to socialism or communism. The common idea that cooperation and competition are direct opposites needs particularly to be examined. As a means of answering these questions, let us analyze the situation which exists at a game of football.

Two football teams are competing, and two crowds are cheering them on. Here we have what appears to be a wholly competitive situation. But further thought will show that the teams are really cooperating to play a game of football. The two crowds are likewise cooperating to make the event colorful and enjoyable. So the basic situation is really one of cooperation. Both teams, however, are subject to the rules of the game and to the interpretation and enforcement of these rules by a field judge, an umpire, and a referee. How does this affect the cooperative situation? Does it not indicate that in order to compete and yet cooperate, both teams must subject themselves to the power of domination of the officials? As to this, let us consider *how* the teams became subject to the rules, and what the *status* and *function* of the officials really are. Actually here is tacit recogni-

tion of the fact that a conflict can be either constructive or destructive. Here is also tacit recognition of the principle of integration. Both teams have recognized that they can compete and yet cooperate only if proper relationships are maintained and suitable procedures are followed. There is tacit recognition that otherwise one team or both could turn the contest into a destructive conflict for domination, which would have unfavorable effects upon their mutual and real interests, which are fundamentally to have fun and advance the sport of football.

But there is also a realization that in the excitement and stress of competition there may be unintentional violations of the rules or some element may be present or introduced which could change the activities of the twenty-two young men from playing football to engaging in mayhem. Both teams, it is realized, may be subject to the compulsion of circumstances they cannot control. In the excitement of competition, too, they could well develop individual biases which would prevent objective interpretation of the rules. So they subject themselves to interpretations and decisions by the officials. But be it noted that the status, function, and power of the three gentlemen wearing white plus-fours and striped coats are all clearly defined and limited. They do *not* have power of domination.

The status of the officials is one of clearly defined and limited responsibility and authority. Their function is to support integration of relationships and cooperation. Their power derives from and is restricted by rules of conduct which are generally understood, which have been voluntarily accepted, and which are based upon principles of good sportsmanship.

Such a basis has made it possible for thousands of young men to cooperate effectively under conditions putting an intense strain upon the emotions and the capacity for self-control. It has proven a means for constructive development of the sport of football. To be sure, the game is ever under attack by those who would pervert it, but there has been a surprising awareness that the principles of integration and cooperation must be observed and that this is the game's greatest safeguard.

As this example indicates, there is nothing incompatible be-

tween cooperation and competition, *per se*. It depends upon whether or not competition occurs under conditions of destructive conflict.

True cooperation is the antithesis of "collectivism," for "collectivism" rests upon mass subservience to dictatorial authority. There is a vast difference between cooperation for the *common good* of man and the idea of subservience to authority for the good of a fictitious *common man*. Cooperation on the basis of an integration of relationships and interests thus is not antagonistic to individual freedom and free enterprise. It is, rather, the very basis of such freedoms.

All this suggests the question of how the principles of integration and cooperation would work under the actual conditions of industrial relations. The best answer is that they *have* worked so as to effect constructive solutions of practical problems of industrial relations. A good example of such workings is to be found in the following experience of a large New England manufacturing concern.

In World War I this concern grew in size and came to employ several thousand people. The president of the company recognized that this development created a new industrial relations situation, that it would be more difficult in the future than in the past to maintain mutual confidence and understanding. Though there was no threat of labor unionism, the president proposed that the employees should elect a works council to represent them. The workers did so, and arrangements were made for their representatives to make independent decisions concerning employment conditions after consultations with management.

In 1921 the president of the company informed the workers and their representatives that poor business made it necessary to cut wages by ten percent. The worker representatives soon informed the management that this reduction was unacceptable. It was agreed, however, that in the event of such an impasse, selected representatives of management and labor would be given the responsibility of finding some other solution which

would be mutually acceptable. The problem of the wage cut was referred to this jointly representative group.

Reexamination of the situation, which took some weeks and was not unmarked by heated arguments, eventually brought forth two new points of view. The first was that what was really needed was a reduction of labor *costs* by ten percent. The second was that a readjustment of wage rates was needed rather than a straight cut across the board. In this connection the worker representatives reminded the management that wartime dislocations had resulted in an inequitable wage structure. An arrangement was mutually accepted under which some wage rates were increased, some reduced, and some remained unchanged, but which resulted in the desired reduction of labor costs. Note that there was no unintelligent compromise, such as a general five percent reduction of wages instead of the ten percent originally proposed. Instead, by a cooperative approach, an effort was made to produce a new integration of conditions which would serve the best interests of both the company and the employees. Note, also, that in this case the president of the company did not attempt either to retain or exercise power of veto.

Nor was this incident exceptional in the experience of this company and its employees. Through such cooperation and efforts to effect integrating adjustments, they have succeeded in maintaining undisturbed relationships from 1916 to the present time—through two world wars and a major depression which subjected them to the same strains and tensions which have caused so many others to engage in futile, destructive economic warfare.

The evidence of this experience, and others which could be cited, is that the principles of integration and cooperation are of practical application in industrial relations. The administrative implications will be taken up in the next chapter.

■ VI

CONSTRUCTIVE HUMAN RELATIONS

THE concepts of human nature and social conditioning which have been considered make it possible to suggest the conditions which are essential to constructive human relationships. They offer evidence, too, that if these conditions are provided in industrial relations, then it will be possible to assure a constructive and integrated use of the different powers of capital, labor, and government.

Three basic conditions are suggested as being essential to constructive human relationships, whether between individuals or groups:

1. All of those concerned must be assured a status of independence and self-respect in their relationships to each other.
2. They must have a realistic common understanding of their interdependent needs and interests and of the circumstances of their whole situation, and effective means of developing and maintaining such understanding.
3. Administrative development, direction, and control must be provided on the basis of the intelligent application of the principle of integration in resolving conflicts in special needs and interests.

All of these conditions are consistent with the principles of psychology and social conditioning which have been seen to underlie constructive behavior and free cooperation. It has been shown that men and women must have a sense of personal integrity, that they cannot function constructively if plagued by fears of domination or a sense of guilt. It has been pointed out that intelligent control of behavior depends, not upon will-power, but upon the power to exercise discriminating judgment. It has been made clear that men cannot escape from their dependency upon other men, and that economic, social, and political freedoms can be assured only to the extent to which men work in cooperation and are free to do so. The only psychologically sound means of ordering relationships and resolving conflicts of needs and wants has been shown to rest upon the principle of integration.

The main function of administration thus becomes that of providing conditions of human relations which are consistent with this positive principle of constructive behavior. The conditions of self-respecting status, common understanding, and resolution of conflicts through integration are consistent with these principles. They must be provided in industry and commerce and in other spheres of human activity if we are to counteract the old but psychologically unsound philosophy of domination and subserviency and replace the unintelligent methods of enticement, coercion, and destruction.

The conditions required for constructive human relations are, like most fundamentals, essentially simple in their nature. It is, however, more difficult to provide them than it is to provide conditions which result in destructive relationships. They cannot be created by the issuance of instructions, by merely formulating rules and regulations, nor by the mere exercise of authority. Management, instead, must contrive or "build" the conditions of constructive human relations. But this can be done if management—in industry, commerce, government and other spheres of activity—intelligently employs the right methods.

The provision of conditions assuring individuals and groups

a status of independence and self-respect in their relationships presents its own problems. This cannot be done merely by erecting an appropriate status system or organization of relationships. People must, first of all, be brought to both know and feel that their status is one of independence and self-respect. Only when the right psychological climate has been provided will people be sure that their status is secure and so feel able to cooperate.

Traditional ideas about status have shown little appreciation of this. Kings, priests, and dictators have ruthlessly used force in efforts to create fear of their status of power and authority. But they have also found it necessary to conduct solemn rituals and lavish ceremonies as a means of influencing people to esteem as well as fear them. All, too, have preached that the acceptance of a lowly and subservient status is righteous and honorable and that blind obedience is the essence of loyalty. But such premises have ever been false. They have for awhile caused people to try to tolerate a degrading status or temporarily prevented people from rebelling by creating inhibiting, ambivalent feelings of despair and elation, of hope and fear. It is clear, however, that such ideas have never given men confidence that whatever their own status might be they could feel secure in relations with other men occupying a higher or lower status. This has been impossible because the underlying idea was to keep some men in an uncertain and demoralized status so that they could be exploited by other men.

Healthy emotional attitudes about status can be produced only in terms of quite different principles. These are well illustrated by modern ideas of man's proper relationships to God. Though still not acceptable to some theologies, these ideas are about as follows: The powers of God may be both fearsome and wondrous. They may affect men beneficently or adversely. This should not mean that God expects men to give Him reverence and yet live in superstitious dread of eternal damnation. God seeks neither vengeance nor blind obedience to His arbitrary will. God does not demand abortive self-sacrifice but offers opportunity for creative self-fulfillment. God asks only objec-

tive understanding and intelligent observance of reasonable and necessary laws for the ordering of the universe, which laws He, too, obeys. But He leaves men free to choose. He asks men to have only the faith of the scientist—a faith grounded on truth, reason, and integrity. So God offers men a status of independence and self-respect in their relations with Him.

Such ideas reflect principles which are psychologically sound and apply as well to the relationships between government and citizen, parent and child, and employer and employee. Men must not be under pressure to esteem those who do not deserve esteem because of threats of vengeful punishment. They must not be expected to respect the needs, ideas, or positions of others unless they are assured that their own will be respected. They must be free to reason and to choose—to have an independence in relationships enabling them to exercise intelligent, discriminating judgment. Only if such principles are observed can men know and feel that, whatever their position in the organization of society may be, they have a secure status in their relations with other men and so regard themselves and others without fear but with honesty and charity.

This is the essence of the requirement that men must be assured an independent and self-respecting status in their relations with each other. The requirement necessarily involves questions of relative status. In this connection it must be seen that a man can be in a *subordinate* position and still be afforded a status of independence and self-respect in his relationships. The critical need is to avoid placing him in a status of *subserviency*.

The difference is readily demonstrated by contrasting the status of several foremen in a large plant under one superintendent with their status under his successor. Under the first superintendent, the foremen were required to follow “orders from above” without question. They were neither taken into the confidence of the superintendent and given reasons for his instructions, nor permitted to question the advisability of the orders they received. It often happened, of course, that the superintendent did not have all the facts, or did not fully under-

stand certain phases of the work, and so many of his orders were not, let us say, appropriate to the situation. The foremen, under these circumstances, could have but little respect either for the superintendent or themselves. They had no independence, either to offer suggestions or to use their own judgment. They could only try to tolerate a status of subserviency, or leave.

Steps were taken to change this situation when a new superintendent was appointed. The foremen were called together and informed that the management recognized their special knowledge and abilities. They were assured that the management would welcome their suggestions. They were urged to question any instructions which did not make sense to them. They were invited to meet together, either alone or with members of the management, to discuss their problems and how the plant could be efficiently operated. Further, the foremen were assured that they were considered key members of management and were hired, not by the hour, but on the basis of their contribution to the company. Incidentally, all were given a substantial raise in pay, put on the monthly payroll, and were entitled to the same vacation and other privileges enjoyed by men at higher levels of management. The status of the foremen was still a subordinate one, but it was no longer subservient. Their relationship to management, and incidentally to the employees, was now one of independence and engendered self-respect.

The question of status also involves problems of organization and functions. In any situation the relationships of individuals or groups must be so organized as to give each a status consistent with the functions for which he is responsible. This also is illustrated by the case of the foremen just cited. Their relations with the superintendent had to be so organized that the foremen could effectively perform the duties assigned to them. This is true, of course, in the case of the relationships of line and staff executives in an industrial organization and of the relationships of those engaged in governmental or social organizations.

Management often overlooks the importance of a status of

independence and of self-respect for employee representatives. Labor union leaders, on the other hand, are keenly aware of the importance of status. During an organizing campaign and in the initial stages of developing collective bargaining relations, attainment of an effective status is a major concern. A skilled labor leader, for instance, will, if possible, postpone negotiations concerning employment conditions until he has taken several steps designed to determine his status in relationship to both employer and employees.

The labor leader's first step is to determine his status with respect to employee support of the labor union. His next step is to determine his status with respect to the attitude of the employer concerning the right of employees to organize and choose their representatives. He must find out whether management will respect or oppose this right, because the attitude of the management will determine whether he must act more or less aggressively, whether he will have a status permitting a reasonable approach or one requiring him to lead an "all-out" fight. Then he must determine the *scope* of recognition which will be accorded the union. Will management recognize the union as representative of only those employees who have joined the union, or will management recognize the union as representing all of the employees in an "appropriate bargaining unit," or in the entire plant? The union leader knows that the strength of his status will depend to a great extent upon how this issue is decided. Then the union leader attempts to find out what *kind* of recognition will be accepted. Must he be content with open-shop recognition, or can he achieve the kind of recognition which gives him the powers inherent in a union shop, or in a closed shop? The union leader knows that much depends on this issue. A closed shop will, for instance, assure him of a status enabling him to exert far more powers of domination in his relations with both employer and employees than an open shop would.

The fact that determination of status is a major concern of labor leaders throughout the period of establishing collective bargaining relations is often well concealed. It is covered up by

a confusing assortment of actions, including the holding of indignation meetings, presentation of demands which are, likely as not, absurd, issuance of statements derogatory to the employer, etc. All of this is reasonable and purposeful from the point of view of the labor leader. He must interest the employees and stir them up to an emotional pitch which will assure him of their aggressive support. At the same time, he must restrain them and avoid entering into negotiations until he can determine what his status will be in the collective bargaining situation. He must try to get management to commit itself and to afford him the strongest possible status. His bargaining position depends upon this. As yet, unfortunately, labor leaders are seldom, if ever, in a position to go to employers and say, "What arrangements can we make to assure our respective representatives a status of independence and self-respect in their relationships?" Both union leaders and employers have been too much conditioned to associate power of status with power of domination.

It is no wonder, of course, that in any organization in the past men have fought to gain an ever higher status and to avoid demotion to a lower status. They have done so inevitably, not only because a higher status offers greater rewards and privileges, but because status has so often determined whether one shall have power to rule and the other shall be forced to obey. Basing their relationships on a status of independence and self-respect will not remove differences in rewards and privileges. It will, however, work to assure that these differences arise from the merits of a situation and are deserved. It will at least assist in doing so, because such a basis of relationships furthers reliance upon reason and the principle of integration of needs and interests. It will, however, provide a means for removing the threats of domination and subserviency which are inherent in status systems designed to maintain and glorify arbitrary authority. These depend upon denial of the exercise of independent judgment and denial of a sense of personal integrity. Justification of such status systems on the ground that they are necessary to "dependable" or "cooperative" behavior

is nonsense. The reason men have argued that such status systems are necessary is that they are instruments of enticement and coercion, that they force those in the lower status levels to be "obedient."

One further comment is called for concerning the importance of status. A man may at one and the same time have several different statuses. He may have the status of Director of Manufacturing at his plant, the status of treasurer of the Kiwanis Club, the status of husband and father, and the status of the lowest scorer in the Employees Bowling League. Or he may, while serving as Director of Manufacturing, head up a clique which is attempting to oust the president of the company and put another man in his place. At the same time he and the president may be members of the same country club. This fact, that a man can occupy several statuses at the same time, of course has a bearing upon all of his relationships.

The critical point of this situation is not that a man may occupy different statuses in different relationships, nor even that he may occupy an official status of one sort and an unofficial status of another sort. The fact, for instance, that an employee may at once have the status of a mediocre workman and a status of a strong union member is not necessarily either a consistent or inconsistent combination of circumstances. What is really significant is whether a man must suffer denial of independence and self-respect in one status, in order to hold to another status, or whether he must suffer loss of independence and self-respect in order to maintain both statuses. A man cannot serve two antagonistic masters well and retain his own soul. The question becomes one of maintenance of a fundamental relationship of self-respecting independence in all of the statuses a man may simultaneously occupy. If our Director of Manufacturing can occupy this position and at the same time head the group undertaking to replace the president, and yet maintain the ability to make honest decisions and keep his self-respect, his duality of status is immaterial. That is, it will not stand in the way of constructive relationships. The same is true of a man who is both

an employee and a union member. This principle also applies to group relations and to the fact that in most situations there is both an official and unofficial organization of relationships. The existence of cliques which are antagonistic to the official organization (or official status system) is usually due to the fact that the official organization denies people independence and self-respect in their relationships.

The foregoing also indicates that different forms of status systems result in variations in what people consider more or less valuable and in variations of behavior. However, these variations are really superficial. Analysis of them will show that they are only manifestations of people's needs and desires for conditions of psychological adequacy and for security in their relations to other people.

Finally, the difference between independence in relationships and independence of action must be clearly understood. It has been pointed out that men cannot escape from their elemental dependencies upon nature, other men, and their own attributes. Consequently, there is no such thing as purely independent action. Men, however, can and must be independent in their relationships. That is, they must have a status which gives them power of decision, free from coercion by other men. The child whose parents never allow him to make a decision, or who stands in fear of parental punishment merely because he makes a mistake in judgment, has no independence in his relationships with his parents. The worker who is always confronted with the attitude "you were hired to do what we want you to do and you do it or else" has no independence in his relationship with his employer.

The worker's status is quite different if his employer's attitude is: "You were hired to do a particular kind of a job to the best of your ability, under mutually understood conditions of employment. If we ask you to do something else, under different conditions, we shall respect your right to decide whether you wish to do so or not." Then there is independence of relationship between employee and employer. Then both are able to decide

what arrangements will best serve their independent interests on a basis of intelligent understanding and with mutual respect. Neither may be wholly free to act as he might wish, but the coercion of authority will not be added to the compulsion of circumstances. Both employer and employee will consequently have a status facilitating intelligent integration of interests and effective cooperation. Their relations will be removed from the unsound basis of "I must rule" and "you must obey." Instead, both can proceed on the basis of "what needs to be done so that the needs and wants of both of us will be served to the extent of our combined abilities."

The second requirement for constructive human relations—common realistic understanding—may seem too obvious to merit much discussion. This would be true except for the fact that the need for common understanding is so often overlooked and the means of providing it are frequently not understood. It should be pointed out that even intelligible and reasonable commands or instructions do not necessarily result in common understanding. Nor do channels of communication of themselves provide means for developing it. Development of conditions of common understanding often requires intelligent management of people's emotions as well as sound methods of mutual education. People may even have to be educated by giving them *experiences* as well as information and instruction. The development of common understanding, too, requires provision of time, for both thinking through and *feeling* through a situation may be a slow process. Also, people can never be brought to understand unless they are first given a *desire* to understand.

As a beginning, then, let us consider why realistic common understanding is a fundamental requirement for constructive human relations. It was pointed out in Chapter II that the extent to which people can control their emotions and desires depends upon a combination of intelligence and understanding. While they may be capable of making decisions and using their power of discriminating judgment, *how* discriminating

they are depends upon how well they understand. It was pointed out, too, that people become prejudiced or biased because of inadequate or unrealistic understanding, or as a result of habitual thinking on a basis of misinformation or unsound concepts. When different individuals or groups are brought together, each consequently comes into the situation with some preconceived ideas and with a "habit-bias." Remember, too, that these "habit-biases" operate subconsciously, that people may not be at all aware of why they think and feel differently about a situation than other people. They must be made consciously aware of what the real facts are and how their particular views are influenced by habit-bias if they are to be able to judge what is best for all in terms of the whole situation. This is why common realistic understanding is essential, and it is also why commands, instructions, and mere information are *not* adequate means of bringing about common understanding. Nor, incidentally, will any status system or form of organization, of itself, produce common understanding—for the same reason.

Understanding, individual or common, comes from: (1) a desire to understand; (2) objective and bilateral or multilateral determination of the facts of a situation; (3) sound methods of analyzing the facts so obtained and of interpreting their significance. In relations between different individuals and groups this requires active joint desire and *participation* in determining the facts and interpreting their meaning. If these three necessities are provided for, then common understanding can be developed and maintained to the extent that people are endowed with intelligence, and this capacity is generally adequate.

The provision of common realistic understanding thus requires that administrators: (1) so organize relationships as to assure not only effective channels of communication, but also effective participation by those concerned; (2) employ methods of "integrating" education, by which is meant that all concerned must be brought to understand how they can best serve their interests, for this will create the desire to understand what must

be done and to accept the right methods; and (3) make sure that all concerned are free to give and get understanding; that is, that all can participate on a basis of self-respecting independence.

These are the principal considerations with respect to meeting the need for realistic common understanding. The administrative means of meeting this need will be discussed in more detail in Chapter XII, relating to the technique of "integrating" education.

The development of realistic common understanding is likely to be a slow process at the start. Maintenance of common understanding also requires constant attention, and much time and effort must be spent in conferences. Considerable administrative skill is also demanded. However, once developed and maintained, common understanding greatly facilitates a constructive and effective approach to the solution of the problems of industrial relations or the problems of human relations in other spheres of activity. Conversely, lack of common understanding can have adverse consequences of long duration. Furthermore, misunderstandings in one situation can readily result in misunderstandings and conflicts in many other situations, for behavior depends largely upon subconscious rationalizations and past learning and experience.

The third requirement for constructive human relations, *that administrative development, direction, and control must be provided in terms of the principles of integration*, is perhaps the most important of all. It may be argued that, given sufficient scientific knowledge of human nature, constructive human relations will come about through some mere process of evolution. The evidence is to the contrary. Circumstances change continually and affect different people in different ways and continually create new conflicts of interests. Whether people can live and work together constructively depends upon their ability to resolve such conflicts, and in doing so to make continual integrating adjustments. The evidence is that this requires intelligent and highly skilled development, direction, and control. In other words, intelligent and integrating management is

called for, and an administrative function and process is demanded.

What must be provided for is thus an effective *process* of integrating development, direction, and control. The essentials of this process are that (1) the relative needs and wants of the individuals or groups concerned must be objectively determined; (2) the nature of the conflicts and issues between them which exist or may be created must be identified and defined; (3) the conditions which limit what can be done to satisfy the needs and wants of all must be ascertained and evaluated; (4) all concerned must be brought to see how they can best adjust to or control these limiting circumstances; (5) finally, all concerned must be brought to see what relationships and actions are necessary to enable them to function to the best advantage *with compulsion limited to the effects of circumstances which are beyond their power to control.*

To assure that this process will be followed, requires the provision of an *administrative agency* which is capable of producing the necessary understanding and relationships and which will assure that sound methods will be employed. Whether it be called government or management, there must be an agency which can perform this function and which can assume and discharge the responsibilities involved. And, as we have seen, this administrative agency must be competent to contrive solutions of the problems of human relations through an objective application of principles derived from the human and social sciences. It is undoubtedly also a part of the responsibility of administration to try to determine what these principles are.

The means of assuring that conflicts of interests and needs will be resolved and necessary adjustments will be made in terms of the principle of integration thus is a part of sound and intelligent administration. The job of administration becomes that of providing the conditions required for constructive human relations and effective cooperation. To this end, administration must be competent to organize relationships so as to

assure independence and self-respect, to provide mutual, realistic understanding, and to assure that a process of integrating development, direction, and control will be followed.

We can now turn to a discussion of the administrative principles, procedures, and techniques which rest upon the general considerations taken up in this and preceding chapters.

■ VII

THE STRUCTURE OF ADMINISTRATION

AN alert administrator should know where he is going. He should know where he is when he gets there. He must realize that he can never get back to where he started from. He can go upward or downward, but he must always go onward. He must go onward, for he must contend with new circumstances today, tomorrow, and every day thereafter.

An administrator must also coordinate conditions and activities in several areas. There are, for instance, the five well-known areas of management—money, materials, men, methods, and markets. Conditions are constantly changing in all of these areas. Also, changes in one area affect conditions in all of the other areas. Circumstances which affect financial management also affect what can be done concerning the management of the facilities of production, the provision of raw materials, labor relations, operating methods, and the marketing of products. And vice versa.

Then, too, those who manage must take into consideration various factors which may either facilitate or impede their actions. They must, for instance, either provide adequate facili-

ties for production, or get along without them. They must act within the limits of allowable costs. They must contend with the factor of necessity. If the necessity is great enough, managers may have to act regardless of cost.

Then, too, an administrator performs several related functions. He must develop plans and relationships. He must see to the execution of those plans and direct a great variety of activities. He must maintain and control. Furthermore, what can be developed often depends upon ability to perform the functions of direction and control. For instance, it may be impossible to develop efficient methods of mechanical operation if labor relations are not under control.

The three-fold functions of administration, of course, must be carried on in all of the several areas of administration. They must be performed within the limits imposed by the factors which facilitate or impede administrative action. And they must be carried on under constantly changing circumstances. Nor is this the end. The circumstances under which managers work seldom develop in any logical pattern. Again and again, unforeseen circumstances will arise. Often these will arise just at the wrong time.

For instance, a manager may have developed a program for renovating his plant and machinery. The various steps of his program may have been carefully worked out. All of the steps, from the design to the installation of new facilities, may have been scheduled in logical sequence. Then, at a critical moment, a supplier may fail to make a delivery, or the labor union may unexpectedly offer opposition, or a key executive may become ill. Then the manager must effectively adjust his plans. He must revise his program to meet unexpected new conditions. Often this means undertaking action in some area at an illogical time or in the face of unfavorable conditions.

This is well illustrated by the experience of a large educational institution. Here a program of expansion of physical plant and educational activities had involved a great increase in service personnel. The institution had also expanded its labor problem. Arrangements were made to carry through a program

designed to provide adequate labor management, to assure good working conditions, to provide a new basis for labor relations. Theoretically, this was to start with an evaluation of existing conditions. The next step was to provide for necessary improvements. The next was reorganization of labor management. Then a program of executive training was called for. Finally, a reorganization of labor relations was anticipated.

The institution started by employing a personnel director. The survey of employment conditions was begun. Plans were shaped for reorganization of the executive staff. So far so good. But at this point the service employees organized a union. The institution was suddenly faced with the necessity of reorganizing labor relations. To do this as a preliminary step in its employment program was illogical. But it was also unavoidable.

The necessity for establishing collective bargaining relations, as might be imagined, complicated administration of the program for improving employment management. It threw this out of phase. But the different steps of the program had been seen as properly related parts of a whole. Consequently, it was possible to evaluate the effects of the organization of the labor union. This could be done in terms of influence, both on the sequence of events and on the whole development. This enabled the management to make logical adjustments and to retain control.

It is the combination of such circumstances which make the job of administration a complicated one. It is such circumstances which create peculiar difficulties with respect to bringing about integration of relationships, integration of understanding, and integration of conflicts. As we have seen, the principle of integration requires that special needs and interests be treated as integral parts of a whole situation. If this requirement is to be met in industrial relations, then managers must have a sound understanding of the whole administrative situation. But as has been indicated, administrative situations are both complex and dynamic. How can these obstacles be overcome? Is there a principle of administration which will enable managers to meet this requirement of the principle of integration? How can they

treat the special needs and interests of capital, labor, and government as integral parts of a whole industrial relations situation?

Let us return for a moment to the example of the integrated machine. We have seen that a machine must have the structure of an integrated mechanism. Structurally, all its parts must be properly related. Now, consider the situation confronting an engineer who must design and construct a machine and provide for its operation and maintenance. The engineer must perform a three-fold function. There must, in a sense, be a *structure* to his engineering procedure. It must consist of properly related steps, or phases. The engineering procedure must be integrated from the point of preliminary consideration of design, through construction, through a period of trial operations, to installation.

The engineer, however, is also subject to factors of limitation. He will not have understood the whole situation pertaining to the construction of the machine unless these factors are taken into account. How long can he take to build the machine? Will new machine tools have to be obtained or invented? Can he obtain the kind of materials he needs? What is the allowable cost? There is, in one way or another, a relationship between, or structure of these factors of limitation. A time limit, for instance, may determine whether or not the engineer can use the kind of materials he prefers. So might the factor of cost be affected by the time limit.

There is, then, the structure of the mechanism itself. There is the structure of the engineering process. There is the structure of the factors of limitation. Together, these may be conceived as constituting the structure of a problem of mechanical engineering. They may also be conceived as the skeleton of the whole situation relating to the construction of the machine.

An artist who is about to paint a picture is in a comparable situation. He must first visualize the picture as a whole. He cannot begin, if he is going to paint a landscape, merely by visualizing some trees here, a stream there, and a meadow or two somewhere else. He must see the structure of his picture as

a whole. He must see how all of its elements may be combined in a proper relationship.

The artist must then make some decisions concerning the method he will follow in painting the picture. In what sequence will he perform his various functions as a painter? Should he start with a pencil sketch? How will he mix his pigments, and in what order will he apply them to the canvas? How can he control his work so as to get the effects of color, light, and shade which he desires? His process, too, must have a structure, and a well-integrated one. Its phases must be properly related.

Neither can our artist escape various factors of limitation. When and for how long can he paint each day? When will the light be suitable? How large a canvas can he allow himself? To what extent is he limited by the kind of brushes and pigments he must use? What are the limitations of his talent and skill? How much can he expect someone to pay for the picture when it is painted? These and other interrelated factors of limitation must be evaluated.

The whole situation of painting a picture thus likewise has a three-dimensional structure. Fundamentally, the artist and the engineer are in identical situations. Both must see their situations as a whole. Both must treat the special issues of the character of the painting or of the machine, the function of painting or engineering, and the factors limiting them, as integral parts of a whole situation. Both artist and engineer, fundamentally, are in the same position in which a manager finds himself when confronted with an administrative problem. An administrative situation has its structure, too, and it also has three dimensions.

The various areas of management constitute one dimension of the structure of an administrative situation. In the broadest sense, there are the areas of social, economic, and political administration. Within the economic area there are, for instance, the areas of industrial administration. Here there are the areas of financial management, plant operation, labor management, methods engineering, and marketing. There are, of course, subdivisions of each of these areas. This dimension of the structure of administration relates to conditions which must be dealt with.

These are, so to speak, the trees, the stream, and the meadows of the administrative picture.

The functions of management—development, direction, and control—constitute a second dimension of the structure of administration. These functions clearly have a structural relationship both to each other and to the areas of administration. In another sense, the function of management is to carry through a process of administration. This process must have a logical sequence, starting with development and extending through control. It is comparable to the function and process of engineering which must, in an orderly fashion, carry through from design to maintenance. But a process of development, direction, and control cannot soundly be carried on in one area of administration without reference to conditions and developments in all of the other areas. This cannot be done because of the interaction and interdependency of conditions in the several areas.

For instance, management, in undertaking technological developments, must consider what developments are occurring in labor relations and in marketing. Why spend time and money and effort in developing labor-saving machines if this will only precipitate costly labor trouble? Why develop machines which will produce a larger volume of a product if the market demand for this product is falling off? It seems absurd to suggest that management would indulge in such obviously stupid practices, yet a seven-year study of the management of technological development conducted by the Yale Institute of Human Relations found that some managements had done this repeatedly.¹ In these cases, management had failed to see the structural relationship between its function of technological development and the conditions in other areas of administration.

The third dimension of the structure of administration comprehends the factors of limitation. There is here, too, a structural relationship between the factors which restrict or facilitate administrative action and the areas and functions of

¹ E. D. Smith and R. C. Nyman, *Technology and Labor*, Yale University Press, 1939.

administration. The nature of some of these factors has already been suggested. There is the factor of time. Another is the factor of facilities, including plant, machinery, and materials. A third category includes factors of organization, methods, and procedures. The extent to which these are sound, and the extent to which they are understood and accepted are important factors in determining management's ability to undertake new developments or to maintain favorable conditions. A fourth category relates to the knowledge, ability, and *integrity* of the people who are concerned. The competency and honesty of employer, executives, and employees is a key factor of limitation. It is, perhaps, next in importance to the factor of time. Given competent and honest people, many obstacles can be removed which would otherwise offer serious impediments to administrative action. Finally, there are the closely related factors of necessity, cost, and profitability.

Observe that there are several fundamental and constant factors of limitation. They are always present in any administrative situation. At any time one may be more important than another, but all are forever present. All constantly restrict or facilitate the efforts of the administration in greater or less degree. They are thus an integral part of the skeleton structure of administration. Consequently, all of the factors of limitation must be taken into account in dealing with any administrative problem. They must, moreover, be taken into account as they affect conditions in all of the areas of administration. They must be taken into account, too, as they affect the functions of development, direction, and control.

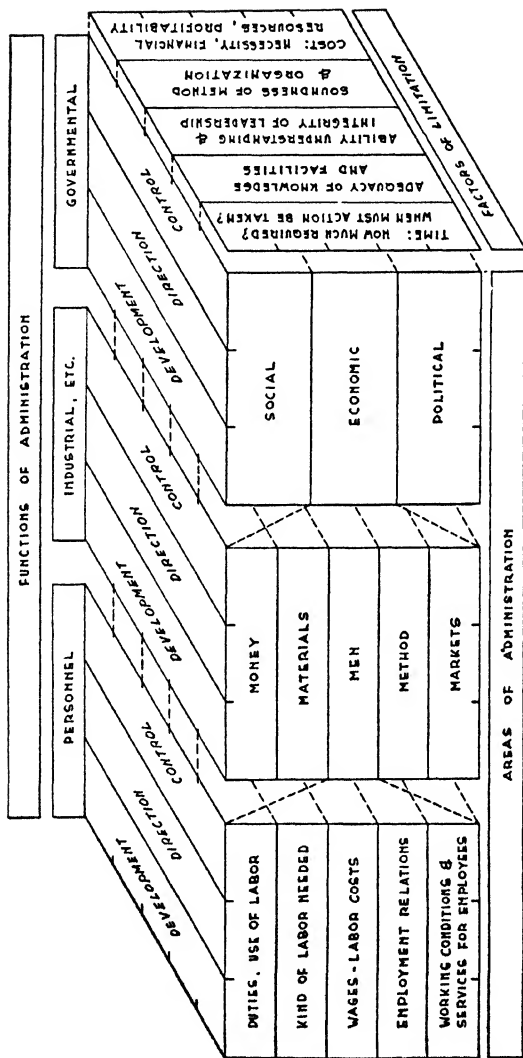
This necessity was vividly revealed in the seven-year study of the management of technological development to which reference has been made. Among the companies whose experience was studied, there were several which approached the problem of technological development comprehensively in this respect. Before undertaking to develop and install new methods of machine operation and new methods of using labor, these companies made a careful check of all the factors of limitation. They determined how much time they would need. They analyzed

their situation to determine *when* it would be best to undertake the development. They found out whether or not their machinery and equipment was in condition to permit more efficient operation. They considered whether changes in administrative organization might be necessary. They were careful to find out whether the executives understood the principles and nature of the new methods and how employee attitudes might influence the situation. They were careful to determine probable costs, not only with respect to industrial engineering, but also with respect to the cost of necessary improvements in facilities and wage rates.

These companies recognized that they must know where they were going. They realized that they must be able to tell where they were when they got there. But they knew that they could do so only if they saw technological development as a part of a *whole* administrative situation and in terms of the *structure* of that situation. In many other companies studied, the managers failed to realize this. Many embarked upon costly developments requiring a long time without carefully determining whether they had the necessary financial resources or time. Many completely overlooked the fact that they were putting their operating executives in a situation requiring special knowledge and skill, where such knowledge and skill were lacking. Many disregarded the fact that the labor-saving technological developments might create fear which would result in disruption of labor relations. These managements usually ended up with worse technological and labor conditions and in a poorer financial condition than when they started.

These differing experiences show that management should realize that there is a common structure underlying all administrative situations. Management must comprehend its basic nature and the interrelations of the parts of this structure. Administrators must appreciate, as is indicated by the diagram on page 86, how the functions, the areas, and the factors of limitation cut through each other.

There are two fundamental psychological reasons for this, and several very practical ones. First, in order to gain realistic



Note: Reproduced from *Personnel*, Vol. 21, No. 5, with permission of the American Management Association.

FIGURE 1. STRUCTURE OF THE AREAS, FUNCTIONS, AND LIMITING FACTORS OF INDUSTRIAL RELATIONS' ADMINISTRATION

understanding and to be able to exercise discriminating judgment, an individual must have a clear mental image of his whole situation. He must see his situation as a total configuration. Like the artist, he must see simultaneously what he is going to paint, how he is going to paint it, and how he is limited. He can only do this, of course, to the extent of his present knowledge. But seeing his situation in this way includes the appreciation of spheres in which his present knowledge is inadequate or lacking. He can know in what areas knowledge is adequate or inadequate only as he sees the structure of his situation.

The second psychological reason for this understanding arises from the necessity of applying the principle of integration. It is possible to treat special problems, special needs, special interests, as integral parts of a whole situation only when it is possible to *see* the whole situation. Under practical conditions it is never possible to see the whole situation in terms of all of its superficial circumstances. It is possible, however, to see the *structure* of the whole situation. If special needs and interests are also seen in such terms, then it is possible to determine or treat their superficial aspects.

The principle of administration to be derived from these psychological considerations thus is: *Management should have a sound conception of the structure of administration.* This is essential if management is to apply the principle of integration. It is the foundation for integration of relationships, integration of understanding, and integration of conflicts.

Some of the practical reasons why a sound understanding of the structure of administration is essential have already been suggested. There are others which will no doubt suggest themselves to the reader's mind. There are two practical reasons, however, which deserve special comment.

The first of these is that administrative situations are always dynamic. Conditions within the various areas of administration are always changing, in content and in relative importance. The same is true of the factors of limitation. Besides, management never gets to the point where it need only maintain and con-

trol. Management must always develop and direct readjustments to new conditions. And, as has already been mentioned, management must contend with the fact that new conditions often develop suddenly, illogically, and at unfavorable times.

Because administrative situations are forever changing, management needs some fixed points of reference. The administrator is in many respects like a navigator. The master navigator, sailing uncharted seas, needs fixed points of reference. Thus he must know something of the structure of the firmament. So, too, the manager must know the structure of administration. This knowledge provides the fixed points of reference needed in navigating in the often uncharted and turbulent seas of management.

The second practical reason which calls for comment is this: Many of the conditions which affect the administration of an enterprise come as general social, economic, or political developments. Often these conditions develop so slowly or subtly that their development can readily escape attention. A sound conception of the structure of administration comprehends not only the immediate areas with which a manager is concerned, but also general areas. This is illustrated by the diagram opposite page 87. Note that this diagram shows the special area of labor management in relation, not only to the several areas of general management, but also to general economic, social, and political areas. There is an interplay of developments between specific and general areas which must always be taken into account.

Let us see how a sound comprehension of the structure of administration serves here. This is well illustrated by the labor history of the Southern textile industry. In early days, about 1880, this industry brought mountaineer and tenant farm families to the newly built mills. Of necessity, the mill owners established villages and provided the facilities of community life. Both from necessity and in good conscience, the mill owners established paternalistic relationships with labor. But this unavoidably brought the workers under group disciplines both in the mills and in village life.

The people of the South at this time accepted the idea of a dual agrarian-industrial economy. But they resisted the development of an industrial society. The mill workers were thus placed in a unique status. They were in many respects a class apart. There is little evidence that this made much difference to the workers in the early years. In ensuing years, however, various circumstances developed to cause them to question and resent their status. Some unfortunate employment conditions contributed to their discontent. In some villages paternalism lost its benevolent aspects. Various reformer groups began to condemn the mill village system and the paternalistic basis of employment relations. A second and third generation of employees grew up. Many of these, especially during and after World War I, went to different parts of the country, where they were exposed to labor unionism and acquired new ideas as to the proper status of employees. About 1919 the labor unions began an effort to organize the Southern textile workers. In the booming nineteen-twenties, prosperity enabled the employees to enjoy economic security and prosperity and to entertain ideas of a more independent form of employment relations. All combined to stimulate their desires for a more independent status and for social and economic progress.

Had the employers had a realistic and comprehensive understanding of the structure of administration, they might have seen such a series of developments as both inevitable and as highly significant. Many, perhaps, realized in some measure that new generations, whose "social conditioning" developed under these circumstances, would acquire a sense of values different from those of the early mill workers. But on the whole, the significance of this fact seems not to have been appreciated. Generally, the employers maintained the old paternalistic system, and many vigorously opposed the idea of employee participation in matters affecting employment conditions and relations.

Then came the demoralizing depression of the nineteen-thirties. Also came the Communists, the New Deal, and the Wagner Act. And also came an industry-wide technological

development in the use of mill labor, which came to be known as the stretch-out system. In the midst of all the other unsettling developments, many Southern mills undertook to introduce the stretch-out system with little understanding of its difficulties and implications, for management itself was harassed by the conditions of depression. Little allowance was made for the fact that the stretch-out system carried many threats to the interests of labor. At least the employees generally came to believe that it did.

This whole situation suddenly exploded. The workers joined unions and rebelled. In 1934 they gave vent to their feelings of resentment in the unreasoning aggressiveness of a general strike. Perhaps this could not have been avoided. Still, there is reason to believe that it might have been, had management in the Southern textile industry approached its labor problems in the light of a sound comprehension of the structure of administration. As it was, the significance of general social developments and their inevitable effects upon labor relations was overlooked. Management did not see the issues clearly. It seems reasonable to assert that they would have seen the issues more clearly had they appreciated the fact that general social developments were a part of their problem and if they had seen *how* these were a part of the administrative situation.

As this discussion emphasizes, administration must ever be in terms of the whole situation and an integration of its parts. There is convincing evidence that the administration of industrial relations cannot be narrowly or superficially conceived. The whole structure of the administrative situation must be understood, for unless this is the case, management is almost certain to fail to get down either to the psychological principles involved or to other fundamental implications of the function of administration.

■ V I I I

ADMINISTRATIVE ORGANIZATION



WE come now to the specific means by which a professional approach is made to the administration of industrial relations. The first of these is a sound organization of relationships. In this chapter, organization will be considered as an instrument of administration.

There are three reasons why relationships must be organized. These are: (1) the task of administration is a complicated one; (2) the various people concerned have different and limited powers; and (3) the conditions required for constructive human relations make organization necessary.

These reasons suggest that the following principles of organization must be observed: (1) organization must be consistent with the underlying structure of administration; (2) organization must allow for differences in the interests, abilities, and strategic powers of the people concerned; (3) organization must give all concerned a status of self-respecting independence, provide for common understanding, and make possible an effective application of the principle of integration of conflict.

These principles suggest that a sound *structure* of organiza-

tion must meet the following tests: (1) it must provide a status system which will assure that while some individuals are in subordinate positions, none are in positions of subserviency; (2) it must permit all concerned appropriate and effective participation; (3) it must provide for an appropriate division of functions, responsibility, and authority.

These ideas, taken together, offer a blueprint for the construction of an organization which will serve as an effective instrument of administration. This is all an organization can be. Even a sound structure of organization is effective only to the extent that it is properly used. The tests which a sound structure of organization should pass need, consequently, to be examined more fully. Whether an organization is properly used depends largely upon whether these criteria are understood. Without such understanding, it is possible to set up a reasonably sound structure of organization but then use the instrument unsoundly.

The test of a sound status system, perhaps, needs relatively little comment. The basic importance of assuring people a status of independence and self-respect has already been made clear. What must be appreciated is that in any organization some positions, or "status levels," are necessarily subordinate to others. As the status level becomes lower, the need of guarding against creation of a position of subserviency increases. This need arises because those in the less responsible positions have less opportunity for getting and giving understanding and so have less chance to influence decisions affecting their interests, unless compensating arrangements are made.

Why must organization provide for effective participation by all concerned? One reason for this has just been suggested. Another is that merely to provide "channels of communication" does not suffice. One often cannot be sure that he has understood a directive even when he has read it. An employee cannot argue with a bulletin board notice. To get understanding, people must be brought together to question, argue, and explain. Another reason is that people cannot be expected to *feel* that conditions and decisions are right unless they have actual experi-

ence in working them out. He who cannot participate in working out arrangements affecting his interests cannot but feel that his status is insecure and doubt whether he really knows the score.

The test of effective participation is also important because some people must participate through representation. It is essential in this respect to organize relationships so that those who are represented can be sure that their representatives are afforded effective participation. They must, later, have the means of knowing that their representatives did participate effectively in presenting their viewpoints. Organization must provide a means whereby representatives can give those represented a true understanding of what decisions are reached and why.

Finally, effective participation by all concerned is essential because administration must contend with dynamic, changeable circumstances. People must continually be brought together to discuss, evaluate, and judge. Otherwise, changes in conditions can readily occur without management awareness of their effects and the adjustment which must be made. At every level and in every subdivision of organization "blind spots" may develop if there is not adequate provision for constant cross-checking and correction of bias.

No organization is better than its division of functions, responsibility, and authority. A sound functional division is essential because the different individuals have different aptitudes and skills—different special and limited abilities. Different functions or duties must be allocated accordingly. This applies to the subdivision of executive duties as well as to the subdivision of labor. One part of the problem here is to enable each individual to make the most of his special abilities. The other part of the problem is to assure coordination and integration of all the special aptitudes and skills of all. A primary purpose of organization is to enable all those engaged in an activity to function as an integrated mechanism.

Here there must be a clear distinction between both the *kinds* of responsibility assigned and the amount. So far as the administrative staff of an enterprise is concerned, there are three kinds of responsibility. These correlate with the three basic functions

of development, direction, and control. One is the responsibility for general administration. The emphasis here is on decision and control, with a supplementary responsibility for conciliation with respect to differences between subordinates. The responsibility of the administrative head, too, is always a higher responsibility than can be assigned to subordinates.

Another kind of responsibility is that assigned to an executive head of a department. This is the specialized responsibility for operational management. The emphasis here is on direction; the responsibility for development and control is limited. This is the kind of responsibility which, in ordinary managerial parlance, is assigned to a "line" executive. The third kind of administrative responsibility is so-called "staff" responsibility. This pertains to management of a particular activity or area that cuts through all of the operating subdivisions of an organization. The emphasis here is on development, common problems, and long-run values. There is here only limited responsibility for direction and control. The staff executive should be primarily responsible for determining conditions, recommending methods, questioning soundness of procedure and action.

However much administrative responsibilities are subdivided, *responsibility for results* must be assumed and shared by all. This really resolves into a fourth, distinct kind of responsibility, namely, shared, or mutual, responsibility for results. This point is often overlooked even where organization provides for an intelligent "functional" subdivision of responsibility.

The idea of shared responsibility rests squarely upon the principle of integration. Shared responsibility is different from general administrative responsibility. It is different from the special responsibilities assigned to "line" and "staff" executives. It is an equal responsibility of all of them, a responsibility to deal with conditions and problems in terms of the whole situation and in terms of service to all special interests so far as circumstances permit.

The nature of "shared responsibility" may be made more apparent by an example. A plant manager has a special responsibility to make efficient use of materials. It is to his interest to

get the kind of materials which can be used efficiently. A purchasing agent has a special responsibility to buy materials as economically as possible. It is to his interest to have such materials used in the plant. The kind of materials which can be bought cheaply may not, however, be the kind which can be used efficiently. Now if each executive insists on serving his special interest, there is the making of an unhealthy conflict. Both, accordingly, should also have a mutual and equal responsibility for results. The problem really is to buy as economically as possible materials which can be used efficiently. Both plant manager and purchasing agent should be held responsible for attaining this result. It is reasonable to expect both to assume this responsibility, because such a result will best serve not only their special interests but the needs of the situation as a whole.

The principle of shared responsibility for results applies as well to the organization of the relations of management and employees or employee representatives. It applies with equal validity to the broader relationships of capital, labor, and government. Failure to recognize this principle is, indeed, a cause of many destructive conflicts, both within an enterprise and in the broader spheres of industrial relations. But if the principle is recognized, due provision must be made in the organization of relationships.

There is, finally, the general consideration of *authority*. It is commonly said that authority must be consistent with responsibility; that authority as well as responsibility must be properly allocated. This is right. The trouble comes in not understanding what authority is, or what it should be. The philosophy of domination and subserviency gets in the way of proper understanding here. Authority is too often regarded as a right to command or to act, and as an arbitrary right to do so. There is a sounder view. In another sense, authority is "power due to mental or moral capacity." In this sense, authority may be said to derive from recognition of superior knowledge, understanding, and judgment. But authority may be regarded in still an-

other way. It may be defined as *the power to exercise final responsibility*. The difference is subtle, but fundamental.

In every sphere of human activity there comes a time when someone must decide what action must be taken. Then whoever is ultimately responsible must assume the duty of decision and must have the power or authority to do so. This power, however, cannot be exercised arbitrarily or capriciously, for then there is no real assumption of responsibility. The power to take final responsibility must be deserved. It cannot come from empty inheritance, nor can it be conferred. It can come only from the superior knowledge and judgment and integrity of the person who uses it. This kind of authority will always gain respect. It will do so because those who may be affected by the decisions made will not lose independence or self-respect. It is one thing to say, "I am general manager and so you will do as I command." It is far different to say, "I must decide on this action because circumstances which we all know force a decision to be made. I have been assigned the responsibility for making such a decision because someone must do so in the interests of all of us."

This is realistic because everyone—laborer, foreman, department head, union organizer, president, and stockholder—has an independent power of decision *which cannot be taken away*. All that management can do is to influence the decisions which are *made* by employees, executives, union leaders, government officials.

This situation is not unique. It is not a special condition of industrial relations. The relationship is the same between a father and his child. The father can use his parental authority to cause the child to behave in a certain way. The child may do as his father commands, but the child makes the decision. *But the child will also make other decisions at the same time.* He will decide whether to love and respect his father, or whether to fear and hate him. Or the child may decide to do something else when he gets the chance. There is nothing the father can do to prevent the child from making these decisions. What the child decides, depends upon *how* the father exercises

his parental authority. If he does so arbitrarily, the child will make decisions of one kind. If the father uses his authority in terms of his greater responsibility and with a real effort to bring the child to understand why, the child will make decisions of another kind. The child may not agree or find the decision of his parents desirable, but he will have the reassurance of being recognized as a person and so will not be motivated to fear or hate.

A farmer has the same problem in handling a yoke of oxen. The farmer can decide what work he wants the oxen to do. The farmer still must use the right "gee and haw" technique or the oxen won't work. The oxen make the decision. No amount of punishment may ever make them pull. At least, the oxen will not decide to use their full power unless the farmer uses his power, or authority, with sound understanding of the innate nature of an ox. The farmer can get good results only if he exercises authority in terms of this responsibility.

So it is in industrial relations. Management can influence stockholders, executives, and employees to use their independent power of decision for better or for worse. But management can never take this power away. This is even more apparent in the relations between management and labor union leaders or government officials. That they have independent power of decision should be only too apparent. That they can make decisions distasteful to management has been amply demonstrated. What has not been so apparent is that such decisions often have been made because management has used its own power of decision with more force than intelligence. The reverse, of course, is also true.

This is one reason, obviously, why the age-old methods of enticement and coercion are so wrong. They may cause employees and others to act as management wishes in a particular situation. But they also cause people to fear and hate and to decide to rebel and seek vengeance. This is why, too, any organization of relationships based upon the philosophy of domination and subserviency is unsound. Such an organization is grounded on the false assumption that people's innate

power of decision can be taken away or that they can be prevented from making decisions antagonistic to the wishes of those in authority.

It is in such fundamental terms that management must approach the problem of organization of industrial relations. The structure of this organization must be determined by these criteria. At present there are many business enterprises and other institutions where the structure of organization is not set up in accordance with these principles. Often the structure of organization bears no discernible relationship to any principles. For instance, in one institution, with resources of a hundred million dollars, the "organization" of the service departments a few years ago had the following structure:

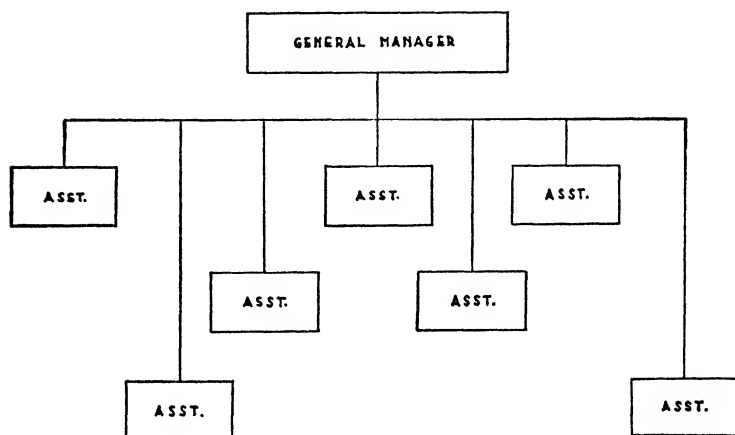


FIGURE 2. A NON-FUNCTIONAL STRUCTURE OF ORGANIZATION

In this organization only one subordinate had any clear responsibility or authority. All the other assistants were assigned varying duties as the general manager found it expedient. None was given any specific responsibility and none was allowed any specific authority. There was a tacit recognition that some assistants were capable of handling more exacting duties than others, and some enjoyed greater favor with the

boss than others. But no one's status was secure, and no one was in a position to gain full understanding—not even the general manager. He had to rely mainly upon thirty or forty years of experience. More important, no assistant was in a position where he could make a really intelligent decision. If this "organization" was based upon any principle, it was the principle of divide and rule. It was understandable that the policy here was that assistants were expected to do what they were commanded to do and ask no questions. This, however, is neither a far-fetched nor unique example. Countless organizations of executive relationships are no less absurd.

Many intelligently managed institutions have, however, developed a structure of organization which meets the criteria of a sound organization of relationships. This is the so-called "line-staff" structure. Its characteristics are diagrammed on page 100 in so far as organization of administrative relationships are concerned. Let us see how this structure provides for a constructive organization of the relationships of management and labor, because a sound administrative organization is of first importance in the organization of relationships. This is so because it is *management* which must bring about integrated and constructive use of the powers of capital, labor, and government.

As the diagram shows, three functional divisions of administrative responsibility and authority are recognized. There are the responsibilities for general administration, for departmental operating management, and for long-range development and control throughout each area of administration. Expressed in another way, responsibility is distributed as follows: (1) general administrative responsibility for decisions as to what must be done; (2) responsibility for routine direction and execution according to predetermined policies and procedures; and (3) staff responsibility for determining the nature of long-range problems and the methods to be employed in dealing with them. This arrangement is consistently carried out through the various levels of the structure. This structure consequently meets the need for giving everyone in the administrative organization a status of independence and self-respect. It also

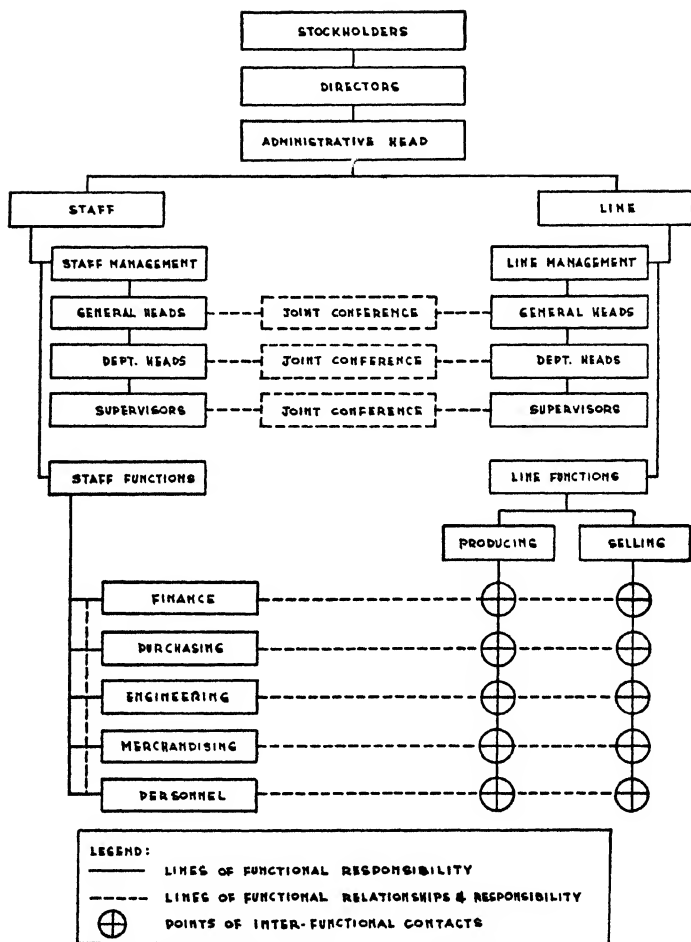


FIGURE 3. A FUNCTIONAL (LINE-STAFF) STRUCTURE OF ORGANIZATION

realistically recognizes the differences and limitations in human aptitudes and skills.

The line-staff structure also provides means of meeting the need for common, multi-lateral understanding. Multi-lateral understanding is provided for by the organization of functional relationships. This takes into account, for instance, that long-run questions of finance or personnel cut through immediate operational problems of producing and selling, and that both long-run trends and immediate needs must be understood. The need for common understanding is met by joint conferences in which both line and staff executives participate at all levels.

The line-staff structure of organization makes unique provision for resolving conflicts through the application of the principle of integration. It does this in two ways. The arrangement made for joint conferences not only facilitates the development of understanding but also recognizes the principle that line and staff executives should share responsibility for results. Besides this, the structure allows for stable organization of the process of integration. If the lines of responsibility are followed, any matter of dispute or misunderstanding can be taken up without violating the status of anyone. As the matter is taken up, it becomes subject to attention by executives who should have an increasingly broad background and viewpoint. Provision is also made for the discussion of both sides of the question, whatever the question is. Those who must decide are consequently in a position to consider special needs and interests in the light of the whole situation as it develops. A similar condition, of course, exists if a matter must be referred downward. In such a case those having greater familiarity with and greater responsibility for detail have an opportunity to correct any misunderstandings due to the fact that an executive had only general knowledge.

How the line-staff structure provides for organization of the process of integration is illustrated by the diagram on page 102. The broken lines indicate how a conflict between a staff and a line subordinate could be taken to the administrative head of an organization for decision. A comparable process would be followed if the conflict involved several departments. Bear

in mind, however, that the line-staff structure of organization only offers an instrument for integration of conflicts. It does not resolve them automatically. All concerned must understand and follow the process involved, observe the lines of responsibility, and respect each other's status. All must accept the principle that responsibility for results must be shared. All must, lastly, accept the principle of integration.

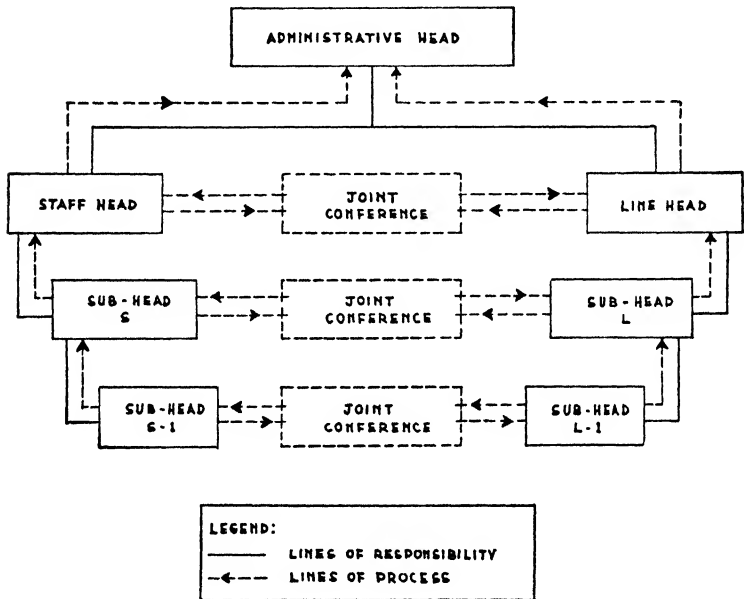


FIGURE 4. FUNCTIONAL ORGANIZATION OF RELATIONSHIPS AND PROCEDURE IN THE SETTLEMENT OF A CONTROVERSY

The line-staff structure thus well meets the needs for the general organization of administrative and executive relations. Its advantages, from the special point of view of labor management and industrial relations, are, however, worthy of particular mention. Note that these functions and the staff executive responsible for them are made an integral part of the organization, as, of course, is not the case with other forms of organiza-

tion. Some of these, because they are not based upon the idea of integration, only too often place the employment-relations function as a minor appendage to some line executive's responsibility. This reflects both a sad lack of any sense of organization and an equally sad lack of appreciation of the importance of human relationships in business. Whenever an organization so treats this, or any other major function, management had best ask itself if it is not really basing its administrative practices on the philosophy of domination and subserviency.

Finally, the need for a sound structure of organization exists in all enterprises, large or small. Some concerns, for instance, may be too small to warrant having an executive to carry on each of the several staff functions. But this does not deny the fact that, no matter how small the enterprise, *all* of the areas, functions, and factors of limitation are none the less there. Even if one or more executives must do double duty, there must be a realization of their duality of function. They should see that immediate operational problems do not interfere with giving long-range treatment to problems of finance, engineering, or personnel which cut across all operational or line departments. They will be unlikely to do this, however, unless they understand the principles of a firm structure of organization. So, whether in large or small enterprises, management should see that there is a structure to the organization of functions and relationships which meets the needs of status, understanding, and integration.

The real purpose of a structure of organization is to provide means of applying these principles. It is to this end that there must be a structurally valid division of responsibility and authority and a structurally valid organization of functions.

IX

ORGANIZING RELATIONS WITH LABOR

THE principles discussed in the preceding chapter also apply to the organization of relations between management and employees. Organization of relations with employees must provide for the requirements of status, common understanding, and integration of conflicts. Here, too, allowance must be made for differences and limitations in human abilities. Here, however, two new considerations must be taken into account. One is a difference between the function of managing and the function of doing the work. The other is a difference in powers of decision.

Management's function is, essentially, to provide the conditions which will permit the work to be done. The employees' function is to do the work. But the employees have another function, and from their point of view an even more important one. This is to earn a living and satisfy their needs for physiological and psychological adequacy. In a sense, it is a responsibility of management to provide conditions which will enable and give labor an incentive to perform its functions. In the last analysis, however, labor has the power to decide whether or not it will perform its functions, as we have seen.

The differences between labor's function and its indestructible power of decision present special requirements which must be met in organizing industrial relationships. First, there must be recognition of the fact that sometimes management may have to assume the responsibility and make decisions which do not seem reasonable to labor. In this sense, labor is subject to direct authority by management. The effect, however, is only to cause labor to decide whether to accept management's decision or to rebel against it. There must, however, be recognition of the fact that there is a basic *functional* relationship between management and labor. Two different functions are inescapably involved. In any organization of relations with labor, provision must be made to reconcile them.

The principle involved is, however, no different from the one applying to the relationships of two executives. Return, for instance, to the relationships of a purchasing agent and plant manager. Both have independent powers of decision. Each performs a different function. The purchasing agent cannot rightly be given arbitrary authority over the plant manager. The status and function of each must be respected. But both inescapably share responsibility for results. Top management, consequently, cannot soundly exercise arbitrary authority over them. It must give to both, the understanding necessary to enable them to make intelligent decisions.

This is precisely what must be done with the relations of management and labor. This understanding must be provided for in any structure of organization. It is of critical importance because management cannot take away labor's power of decision.

The principles of the line-staff structure of organization can be applied to meet this need. How this can be done is shown by the diagram on page 106. Notice that here the structure of the management organization is the same as in the diagram on page 100. Now, however, the structure provides for the added function of doing the work. It also ties in the employees' other function of earning a living. Here the structure clearly marks

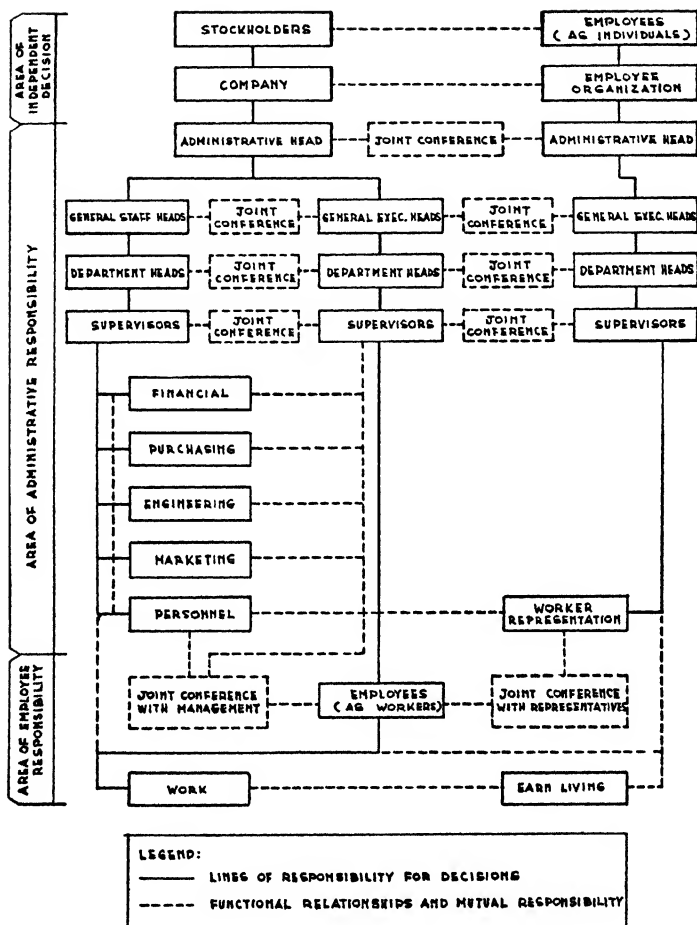


FIGURE 5. APPLICATION OF A FUNCTIONAL STRUCTURE TO ORGANIZATION OF RELATIONS WITH LABOR

where management's area of decision ends and labor's area of decision begins.

Now notice that there are two lines denoting different relationships between the executive branch of management and the workers. The solid line denotes the line of authority or responsibility for final decisions *in the interests of the company*. The broken line denotes the line of functional relationship with the labor and of mutual responsibility for results. Because this functional relationship is inherent and ineradicable, management must make decisions which include proper consideration of the special needs and interests of the employees. Any other decisions are unrealistic and not in the *long-run* interests of the company.

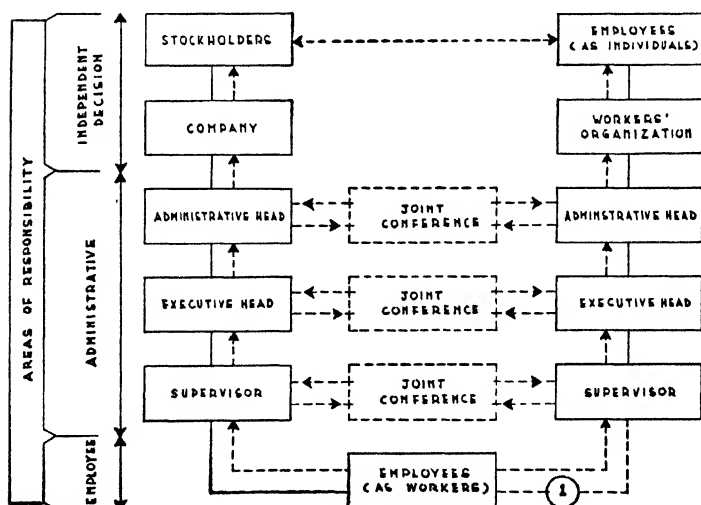
But now note that the employees, as individuals, are given a status equal to that of the owners or stockholders. This is a realistic recognition of several things: first, that the employees have an independent power of decision; second, that they have special interests, equal in importance to those of the stockholders; third, that, properly, any employee organization is a functional agency which must be responsible to the *employees*. A labor union or other employee representative body cannot properly be a power unto itself. That is not its purpose nor justification.

As for the rest: this structure of organization provides for the development of common understanding between management and labor. It provides also for application of the principle of integration in resolving conflicts. Here there is, however, recognition of the fact that ultimately capital and labor must each decide what shall be accepted or rejected. There is recognition, too, of the fact that in the event they cannot agree, someone must and will take responsibility for deciding the issue. This someone is the "public" or, more properly, society as a whole. The agency, of course, is government. This need not be shown on any organization chart, though it would probably be well if it were. It might at least tend to keep both management and labor aware of the necessity for resolving

conflicts in terms of the need for socially as well as financially profitable operation of industry and commerce.

How the "line-staff" structure organizes managerial relations so as to permit an orderly and integrating process of resolving conflicts was shown by the diagram on page 102. The following diagram shows how it does so with respect to the relations of management and labor.

In comparing this and the diagram on page 102, note that the workers may first refer a matter in dispute to either super-



①

NOTE THAT THIS IS PROPERLY A FUNCTIONAL RELATIONSHIP, NOT ONE OF AUTHORITY.

LEGEND:

- LINE OF RESPONSIBILITY FOR DECISIONS.
- - - - - LINE OF FUNCTIONAL RELATIONSHIPS & PROCESS.

FIGURE 6. FUNCTIONAL ORGANIZATION OF THE PROCESS OF RESOLVING A CONFLICT BETWEEN MANAGEMENT AND LABOR

visory management or to the worker representative who is in an equivalent status, or to both. The common view that a worker *must* take a grievance up with his foreman first is really nonsensical, providing there is acceptance on both sides of the fact that the important consideration is to find out what the trouble is and set the matter right.

Note that there is provision here for bringing a dispute up through levels where both manager and employee representatives should have a broader understanding of interdependent interests. Note also the provision for effecting bilateral consideration. Also observe that the course of the conflict runs through three different areas of responsibility, and that the administrative area of the worker representatives coincides with that of management. This is an important consideration, because if clearly understood it contributes to the maintenance of a secure status for all concerned.

But is such an organization of the relations of management and labor practical? Is this not merely a theoretical point of view? The best answer to these questions is that in some large businesses there has been such a form of industrial relations organization for years—and constructive relationships with labor have been maintained during this time. One of these businesses is a public utility and another is a manufacturing concern. In the case of the manufacturing concern, the organization also provided for subcommittees composed of workers who had been elected as representatives. These were subcommittees on the selection and training of personnel, on time and method study and rate setting, on hours, wages and promotions, and on working conditions. These subcommittees served the employee organization in virtually the same way that the several staff departments served management. They provided for specialized and long-run knowledge in the areas covered. Provision was also made for these “staff” committees and for the “staff” executives to gain common understanding through joint conferences. It is noteworthy that this manufacturing company has suffered no disruption of employment relations for over thirty years.

The “line-staff” structure of organization is complex, but it

is necessarily so because the problem of organizing human relations in industry or elsewhere is complex. The principles of the "line-staff" structure, however, are simple. Once understood, they are readily applied. This form of organization, nevertheless, will be no more effective than any other unless the fundamental necessity for basing administration on principles of status, understanding, and integration is recognized and observed. A structure of organization, however sound, can be no more than an instrument of administration.

There is still another problem to be considered regarding the direct relationship of managers and employees. This is the problem of non-administrative and informal organization.

Any formal organization of relationships is always accompanied by an informal organization. Within any institution or enterprise, relationships other than administrative relationships are certain to exist. These become more or less loosely organized. There may, indeed, be several kinds of informal non-administrative organizations. These may or may not be antagonistic to the formal administrative organization and to each other. There may, for example, be some organization in the form of small cliques. Or there may be separate or joint social organizations of executives and employees. Or all those of one nationality may associate themselves and try to exert an influence consistent with their particular brand of social conditioning.

The existence and nature of these informal, nonadministrative organizations need to be taken into account. It is particularly important for management to know *why* they exist. The reason for them may lie merely in mutual social or friendly interests. On the other hand, these informal organizations may have their inception in resentments against administrative organization or methods. If the formal organization of relationships is sound, the informal ones are likely to be harmless. In fact, they may be helpful supplementary means of spreading information and developing understanding and confidence. On the other hand, faults in formal organization and procedure may be the cause. Then informal associations may come into being

with protection as their motivation. Or these informal associations may reflect the influence of subversive interests.

At any rate, it must be recognized that the formal organization as pictured in an organization chart never shows fully the organization of relationships. However, so long as formal organization is based upon right principles, it can be relied upon to bring matters which arise incidental to the operation of the informal organizations to attention where attention is needed. At least the formal organization will do this if it is properly used. It will do so if organization is designed to develop constructive relationships, for then there will be an incentive to support the administrative organization and see that developments which might undermine it are dealt with effectively. Management, however, must see to this. Merely providing incentive and opportunity will not guarantee support of even a sound administrative organization. This can be brought about only as management assures that participation by both executives and employees is effective.

All that has been said concerning the organization of administrative and employee relations has broader application. These principles apply also to organization of the general relationships of capital, labor, and government. Admittedly, the application of the principles may require a different emphasis in these broader areas of relationships. Here the factor that people with different special interests have independent power of decision and action becomes even more important. Here, too, the difficulties of achieving common understanding and a long-run point of view are greatly increased. Most important of all, the principles of domination and subserviency come strongly into conflict with the principle of integration. The age-old social conditioning to employ methods of enticement and coercion is far more difficult to combat. Indeed, these difficulties probably can be really overcome only as individual employers and individual groups of employees come to understand the requirements for constructive human relations and organize their intimate and direct relationships accordingly.

However, it is worthwhile here to indicate how the criteria

of sound organization apply in the broader relationships of capital and labor. How the relations of capital and labor with government should be organized, however, presents such special problems that this question will be dealt with in a subsequent chapter.

Both capital and labor have formed large organizations of national scope so as to further their special interests. The National Association of Manufacturers and the Congress of Industrial Organizations are suitable examples. There are similar organizations of owners and employee representatives in individual industries. Occasionally representatives of such groups have met together. On rare occasions they have come together either in a collective bargaining situation or where government has brought them together because of some destructive conflict. Then each side has been motivated chiefly to protect and advance its own special interests. Where there have been compromises, these have, in the main, been forced upon both.

The weakness of these circumstances should be apparent. There has been no permanent organization for long-run or continuous effort to resolve conflicts between capital and labor. There has been little, if any, recognition of mutual responsibility nor of the interdependence of the different functions of capital and labor. There has been little recognition of the need for each to have a status of self-respecting independence. The power of each side to make independent decisions has been only too apparent, but there is little evidence that the true significance and nature of this power has been appreciated. One group has acted to bend the other to its will, with a fine disregard of the possibility that the other would make further decisions to rebel or wreak vengeance. At different times the representatives of both capital and labor have been ruthless, irresponsible, and unreasonable in their aggressiveness in behalf of their special interests.

At this level, unavoidably, the emphasis is on *decision*. The groups representing large areas of capital and labor have been forced together to decide issues which have been in conflict. The trouble arises for these reasons: the groups come together

only under circumstances of (1) conflict, (2) disinclination to reach agreement, and (3) outside pressure to yield or compromise. This is not an environment conducive either to common understanding or application of the principles of integration. Nor can either side have a secure status in such circumstances. The predominant factors motivate both to rely upon the philosophy of domination and methods of coercion and force.

A weakness also is to be found in the nature of the organizations that represent both capital and labor. Industrial trade organizations have been notorious either as powerful lobbyists or as poorly supported associations. They often have had little or no power or ability to hold their members in line. Large labor unions have had the disadvantage of being political organizations—internally as well as for external purposes. The union administrative heads have often attained such positions because they can produce the goods or hold the membership in line and get the votes. Consequently, neither manufacturers' associations nor big unions are well suited for the purpose of developing constructive relations between capital and labor.

Their present deficiencies do not, however, present an insurmountable obstacle. We have already seen the development of joint management-labor committees in plants where employees are represented by labor unions. These have in many instances produced better understanding. They have been able to do so because these committees have met and worked under conditions where both sides were more interested in getting the facts than in "bargaining." Though not deliberately or consciously, their organization has been based upon at least some of the principles which have been discussed. One big advantage is that they have often met at a time when neither side was under immediate pressure to decide an issue. This freedom made it possible to consider mutual problems dispassionately and even objectively.

There is reason to suggest that industry-wide representatives of employers and industry-wide representatives of employees should establish joint management-labor committees. The problems of industrial relations unavoidably extend beyond the

scope of individual employers and local labor unions. The industry-wide representatives of capital and labor would do well to organize permanent committees for joint consideration of interdependent interests and needs. If such committees were organized with an appreciation of the requirements of constructive relationships, they could obviously serve a most worthwhile purpose. This, however, may not be possible until employers change the nature of their organizations and until employees are willing and able to change the nature of international labor unions. Conceivably, the leaders of employer organizations and industry-wide labor unions could take steps along this line, but at present they appear to lack both the necessary incentive and the understanding.

A big difficulty is presented because both ownership (in the form of stockholders) and union membership is diffused and uneducated. Indeed, many individuals are employees in one company and stockholders in another, a circumstance making for ambivalence with respect to the relations of capital and labor. Diffusion and duality of status are, however, smaller obstacles than the lack of education. Also, the individuals concerned are under great pressure to serve immediate needs and to let the long run take care of itself. People, however, have shown themselves capable of forming democratic governments. This has taken no less understanding and sound use of the power of decision than would be needed to create a sound organization of the relations of capital and labor.

What has been lacking with reference to the organization of industrial relations has been knowledge and observance of the underlying administrative principles. Modern scientific knowledge concerning human relations has now made it possible to suggest, at least tentatively, what these administrative principles are. In the light of these principles it is possible, as we have seen, to create a structure of organization which can be employed so as to develop and maintain constructive industrial relations.



ADMINISTRATIVE PROCEDURE

REFERENCE has been made to the investigation of the management of technological development conducted by the Institute of Human Relations at Yale. (See Chapter VII, pp. 83-84.) One of the discoveries made was that a well-integrated administrative procedure was of critical importance. It was found that where such a procedure was followed, management was not only able to attain greater efficiency in the use of men and machines, but was also able to improve employment conditions and relations. Where administrative procedure was haphazard, contrary results ensued.

The findings of this research project and other observations indicate that there are three basic principles of administrative procedure. These may be termed:

1. The principle of integrated sequence of action
2. The principle of integrating comprehensiveness
3. The principle of integrating penetration

These three principles are interrelated and interdependent. All should be observed if administrative action is to bring about integrating adjustments to changing conditions.

In the Yale study of technological development, manage-

ments which were successful had followed a well-worked-out *sequence of action*. The procedure they observed carried them in orderly fashion through several distinct but merging phases. There were, in order, the phases of: (1) orientation; (2) preparation; (3) introduction (or execution); (4) stabilization; and (5) maintenance. Each of these phases was an integral part of a whole sequence of procedure. It may be said, therefore, that an integrated sequence of action was followed.

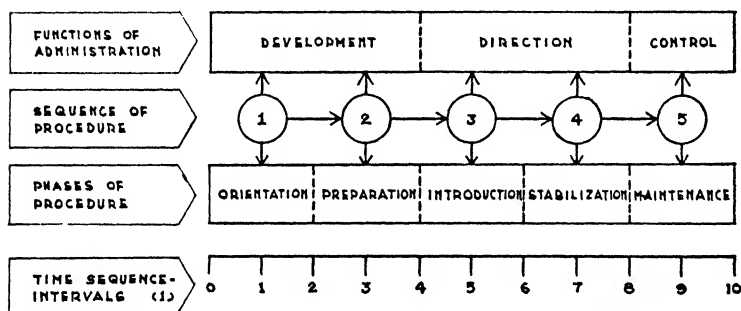
In more specific terms, the sequence of events began with an investigation of the nature and implications of the particular technological development which was contemplated—in this instance a new system of using labor in the operation of automatic looms in the textile industry. In the “orientation” phase, experts were consulted, and information was obtained concerning the experience of other plants with the system. Data were obtained as to how the system might be applied to the particular plant, a survey of mechanical conditions was made, estimates of cost were worked out, ideas were obtained as to how many employees would or would not be needed, how introduction of the new system had affected labor elsewhere, what training and re-education of employees would be called for. Estimates were also made as to whether the company could expect to sell such additional production as might ensue. Only when adequate knowledge of this kind was obtained, did the successful managements decide to go ahead.

In the next phase of “preparation,” action was confined to tuning up and renovating machinery, to educating executives, to arranging to finance the cost, to drawing up plans, and to laying out a schedule of action. In the “introductory” phase, the system was first tried out on a small scale, then extended until the whole plant was changed over. Action in the “stabilization” stage centered upon checks of results against estimates, upon ironing out kinks in the operation of the machines, upon adjusting job assignments, and upon reassignment of employees found to be not well suited to the task first given them. In the “maintenance” phase, both routine and special checks were

made of machine operation, suitability of raw materials, the performance of employees, etc.

By following this well-integrated sequence of action, management always knew where it was and where it was going. Management could perform its functions of development, direction, and control with clear and over-all perception.

This principle of integrating sequence is diagrammed below. The diagram shows how, successively, administrative attention should be given to orientation, preparation, and the



(1) SUBJECT TO VARIATIONS IN THE LENGTH OF ANY INTERVALS OF TIME REQUIRED TO CARRY THROUGH ANY PHASE OF PROCEDURE.

FIGURE 7. THE PRINCIPLE OF INTEGRATING SEQUENCE IN ADMINISTRATIVE PROCEDURE

other phases of action. The relation of the functions of administration to the phases of action is indicated. Note that both the different functions and phases of action interlock. In studying the diagram it should be kept in mind that it represents a *process*. Care should be taken to interpret it dynamically and to see that a succession of separate but interrelated actions are called for. Note particularly that simultaneous action in all phases is not provided for, only that the process as a whole must be kept in mind.

The principle of integrating sequence is evidently capable of general application. It would apply, for example, to the management of the situation which is created when employees

organize a labor union and ask management to agree to a collective bargaining relationship. Such a situation also involves a sequence of phases beginning, logically, with orientation and ending with maintenance.

Where such a change in the general basis of employment-relations must be made, management is faced with a problem of reorientation. Its first phase of action should be to ascertain the nature and history of the organization which will represent the employees, to find out how much executives and employees know or do not know about collective bargaining, to learn the reasons why the employees have formed a union. It is not safe to proceed haphazardly on the basis of mere assumptions about these things. Also, as experience has shown, it takes about five years to achieve really workable collective bargaining relationships, even where the development is subject to intelligent control.

There is, also, a preparatory phase in the development of a collective bargaining relationship. There should be careful preparation, for instance, in the form of training executives to handle negotiations with union stewards and committees. Plans should be made concerning both the terms of a contract and how it should be negotiated. These plans should include the development of a sound scheme for organizing relationships between the company and the union representatives. The "introductory" phase, in this case, would consist of the actual negotiation of the collective bargaining agreement and establishing the new structure of organization of relationships.

There is, too, a "stabilization" phase. This phase is often overlooked both by managers and labor union leaders. Often both rush into negotiations and wear themselves out. Often they wind up with a contract which expresses a pious wish that collective bargaining will bring "harmonious" relations. This expression of a mutual desire for harmony is followed by a grievance procedure, a seniority provision, a no-strike or arbitration clause, and a new schedule of hours and wages. Both overlook the fact that there will follow a period when differences of viewpoint as to the meaning of various clauses in the

contract must be ironed out. Both overlook the fact that executives, employees, and union officials must get some experience in working together. Both often do not allow for the fact that newly organized employees will try to find out just what collective bargaining and membership in a union will do for them. All of these things require stabilizing action by management, and by the union, too. In the "maintenance" phase, of course, there should be checks as to whether the conditions of the contract are being met, whether misunderstandings are creeping in, whether the terms of the original contract need to be revised.

Time is always a critical factor in the sequence of administrative procedure. This is an important reason why the sequence of procedure should be seen as an integrated whole. Failure to see this has caused many a management to have to act at an unfavorable time and in an illogical way. For example, a large textile concern some years ago suddenly found itself in financial difficulties when the bottom dropped out of the raw cotton market. Its purchasing agent had been very long on the market, and in consequence the concern suffered an alarming and almost disastrous depreciation of its raw materials inventory. In an ill-advised attempt to offset this, the management undertook overnight to put into effect a radically new scheme for making more efficient use of men and machines. This scheme actually called for long and careful development. But this management had little appreciation of the importance of sound procedure. All too soon it found itself involved in a costly and complicated technological problem. All too soon it also found itself involved in an angry dispute with labor. These troubles, added to financial woe, brought the company to the verge of bankruptcy.

The same sort of thing has happened again and again when unions have sprung up to demand collective bargaining relationships. Many managements have failed to see that this at once calls for a carefully integrated sequence of administrative procedure.

In any event, the principle of an integrated sequence of action is a basis of sound administrative procedure. It is essen-

tial if management is to gain "time control" in working out a problem of development.¹ It is essential if a development is to be seen as a whole. It is also essential if a logical relationship is to be maintained between the various phases of action. As the diagram on page 117 shows, the various phases of action necessarily interlock or overlap. But this is all the more reason why the sequence of administrative procedure should be well-integrated. Otherwise it is easy to slip from one phase to another without due attention to the change in the nature of the action.

The principle of integrating sequence of procedure should be observed generally in the administration of industrial relations. The problems involved are both dynamic and complex. A haphazard pattern of administrative action only adds confusion. An orderly procedure, on the other hand, facilitates understanding, because the scope of attention required at one time is reduced. A steady sense of direction is an aid to maintaining a sense of security of status. For confidence comes largely from a feeling of certainty of where one stands and where one is going. Constructive reconciliation of conflicting special interests is also more easily attained. This is made possible partly because an orderly procedure results in better "time control," both as to how long it will take to complete action and as to when action should be taken. Besides this, an approach starting with determination of facts and issues, and proceeding through careful analysis of what adjustments should be made, to an intelligent establishment of new conditions and relations is provided for. Finally, specific actions can be taken in terms of their proper relationship to a whole development.

It was pointed out in discussing the structure of administra-

¹ The relative amount of time required for each phase of action depends greatly upon circumstances. In general, the more time spent on orientation and preparation, the less needed for introduction or stabilization. The phase of maintenance can vary greatly as to factor of time. Theoretically, maintenance might be conceived as continuous. Practically, the maintenance of any particular arrangement in the face of changing conditions can, after a time, be either stupid or impossible. Many administrative troubles arise from failing to see maintenance as only one phase of a repetitive sequence of procedure.

tion that a change in conditions in any area affected conditions in all of the other areas. This was also seen to be true with respect to the factors limiting administrative action. We have seen, too, that the principle of integration requires that any situation must be dealt with as a whole. Consequently, administrative procedure must be *comprehensive* as well as orderly.

Practical evidence of this was found in the Yale study of technological development. Those managements which were successful in introducing new technological developments were as comprehensive as they were systematic. They were concerned ostensibly with a new development in the organization and use of several different kinds of workers—loom fixers, weavers, bobbin tenders. But they were not deluded into believing that their development required only a new subdivision of duties and new working methods. They saw, also, that changes in machinery, in preliminary processing of raw materials, and in control of heat and humidity of workrooms would be needed. The area of materials as well as methods was affected.

These successful managements saw, also, that the area of labor relations would be subject to changes. They were creating new relationships between the workers and between them and supervisory management. They were also going to put new burdens upon foremen and department heads. These executives would have to exert a more precise control over the efficiency of machine operation and at the same time manage more tenuous interdependencies between the different classifications of labor. The area of marketing was involved because the new system was better adapted to manufacture of a few standard goods than to production of a variety of special fabrics. Could some existing lines be eliminated? Would the company be more susceptible to rising and falling levels of demand if only a few standard products were produced? The financial end was, of course, affected in many ways. And, obviously, all the factors of limitation were involved in one way or another.

Therefore, at each phase of development, these successful

managements followed a procedure comprehending all the areas and factors of limitation. On one phase, for example the phase of orientation, all areas received about equal attention. Facts as to existing conditions and possible effects were carefully obtained concerning finances, machinery and materials, manpower, methods, products, sales, and advertising. In the preparatory phase, attention was centered upon developments in machine efficiency and processing of raw materials. But this was a matter of emphasis, not of giving attention to one area to the exclusion of others. All were given attention even if such attention amounted only to a brief check of findings of fact made in the orientation phase. The same was true in the introductory phase, though emphasis there shifted to the problem of re-allocation and training of labor. And so on, through the whole sequence of procedure.

This was a practical observance of the principle of integration. Special problems, needs, and interests could always be seen in proper perspective as interrelated parts of a whole situation. These managements thus followed a procedure of *integrating comprehensiveness*.

This principle of integrating comprehensiveness is diagrammed on page 123. In studying the diagram, it should be borne in mind that procedure should comprehend external as well as internal conditions. This is called for because the operation of any business or institution is affected by general financial conditions, by the factors of supply and demand, and, as we have seen, by factors of social conditioning.

The importance of this is indicated by the problems which arose recently at several large universities. These institutions were not subject to the Wagner Act. Nor were they immediately subject to changes in the labor market and in wage scales which occurred just prior to World War II. Administrative attention at these institutions was centered upon matters of teaching and research. Rather abruptly and unexpectedly all of these institutions found that their service employees had organized labor unions. They also found that their wage rates were rather badly "out of line." It was then borne upon them that they were sub-

ject to the influences of the Wagner Act and the influences of the prewar boom. They were consequently obliged to make somewhat hurried readjustments of labor relations policies. Had they been comprehensive in their administrative procedure and maintained checks of the effects of external developments, they could have made a more effective readjustment. Now they found themselves in circumstances where they had little chance to improve efficiency in the use of labor, while having to make substantial increases in payroll expense.

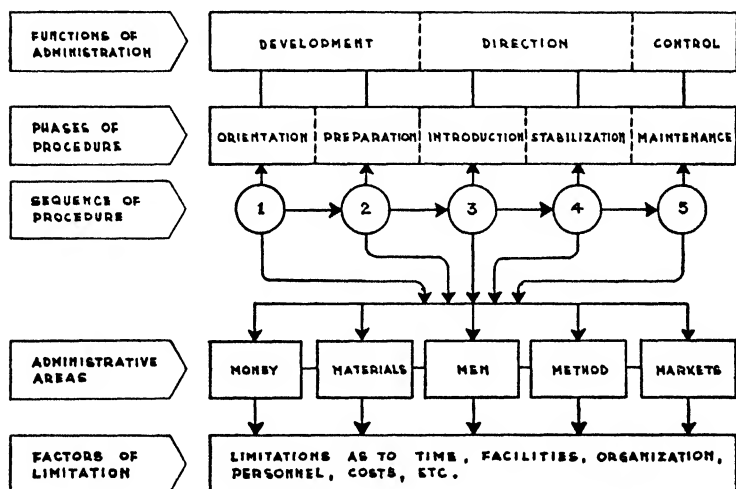


FIGURE 8. THE PRINCIPLE OF INTEGRATING COMPREHENSIVENESS IN ADMINISTRATIVE PROCEDURE

Aside from this necessity for including consideration of external conditions, the diagram indicates the process of integrating comprehensiveness as it has already been described.

The principle of integrating comprehensiveness obviously is of general application. It is, for instance, applicable in managing a transition from individual to collective bargaining relations with labor. For any incidental changes in arrangements concerning employment and use of labor can have wide effects. These may make it far more difficult to install labor

saving machinery, to adopt new working practices, to counteract loss of sales by lay-offs. There are, in fact, few problems of industrial relations which do not call for at least a check-up concerning possible effects in other areas of administration. The establishment of a pension plan, for instance, may well result in a greater proportion of older workers. So not only does the cost of pensions come into question but also the ability of older workers to operate high-speed machinery becomes a question. This in turn raises questions of unit labor costs, methods, volume of production—even though these may prove of minor importance.

Administrative procedure needs not only to be orderly and comprehensive. It needs also to *penetrate* from the level of general administration, through the various levels of management, to the level of labor.

At a large Eastern manufacturing concern the general manager and the business agent of the labor union came, after some years, to have great confidence in each other. They developed a fine common understanding of mutual problems and interests. As time went on, they repeatedly reached agreements as to changes in employment conditions and relations which would benefit both the company and its employees. They worked out a plan of union-management cooperation and a program of joint research. The union business agent even was able to advise the general manager concerning changes in the advertising and marketing practices of the company. His advice was good and it was taken.¹

The general manager, however, neglected to develop the same confidence and understanding among his department heads and foremen. They were informed about the plans of union-management cooperation and joint research, but they were given little voice in the decisions which were made and less experience in working up the facts on which the decisions were based. The union's business agent, on his part, also informed the stewards and any workers who happened to attend

¹ R. C. Nyman and E. D. Smith, *Union-Management Co-operation in the "Stretch-Out,"* Yale University Press, New Haven, Connecticut, 1934.

meetings of the union. Usually not many attended unless some issue was to be voted on. The workers, consequently, did not get much experience in working out the plans which came to govern their relations with the company and which also determined what their job assignments and pay would be. There was no effective *penetration* of administrative procedure to their level. The process of development all took place at the top, between the general manager and the union business agent.

The weakness of this arrangement did not become apparent until it was put under strain. The good relations at the top yielded conditions which were satisfactory to the employees for several years. During this time, worker satisfaction was assured, particularly by successive concessions which the management granted to the union. Though some of the subordinate executives were inclined to question the advisability of the general manager's decisions, they were good soldiers and carried out orders, not always with real understanding.

Then the company was hit hard by depression. Retrenchments and plans to increase efficiency of operation were readily agreed upon by the general manager and the union's business agent. But both subordinate executives and workers rebelled. They had not the necessary confidence and understanding, because administrative procedure had not penetrated. It had not given them effective participation. They could not *feel* that the retrenchments, pay cuts, lay-offs, and increased job sizes were called for. Administrative procedure had only floated on top of the organization.

The principle of integrating penetration in administrative procedure is diagrammed on page 126. Study of this diagram will show how action throughout the whole sequence of procedure should carry down through the different levels of organization. Note, however, that the arrows point in both directions. As this indicates, the principle calls for penetration upward as well as downward. This is recognition of the fact that understanding must be brought upward to those who have the responsibility for final decisions. It should, of course, be joint understanding, brought about by conferences of "staff" and

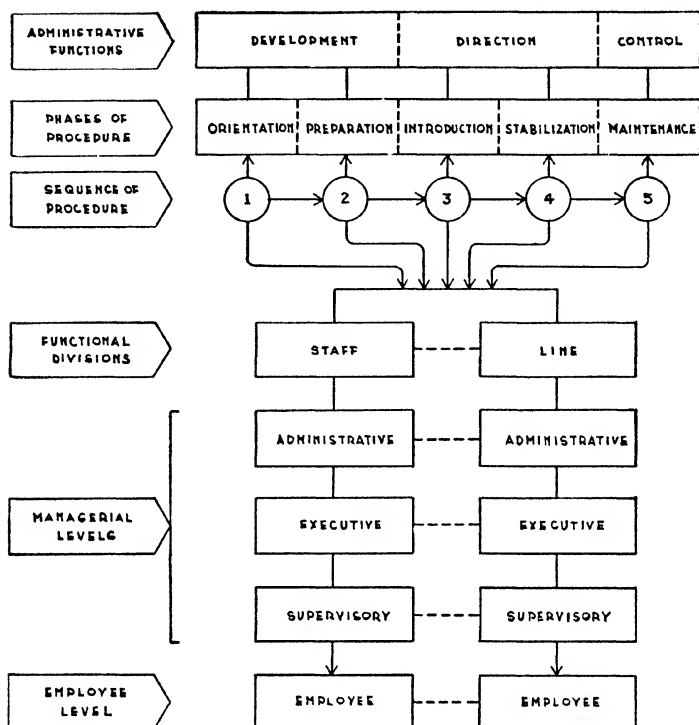


FIGURE 9. THE PRINCIPLE OF INTEGRATING PENETRATION IN ADMINISTRATIVE PROCEDURE

"line" executives at each level. The principle of integration must be observed, as was brought out in the chapter on organization. But note that the process should be carried out in each successive phase of the sequence of procedure. It is not enough to get initial understanding and acceptance. The process of developing understanding is unavoidably a continuing one.

That observation of the principle of integrating penetration is essential in meeting the requirements of constructive human relations hardly calls for comment. Obviously it is necessary, not only to provide understanding, but to preserve the security

of status of all concerned. Obviously it is essential if the underlying principle of integration of interests is to be applied. This can be done, as has been shown, only by bringing all to see special needs against general needs. It cannot be done if administrative procedure floats on top.

What of the application of these principles to the broader aspects of industrial relations? Are they applicable on an industry-wide basis? Can representatives of manufacturers' associations and of international unions make use of these principles? Can they be applied in the relations of capital, labor, and government?

It is all too apparent that such principles have seldom, if ever, been observed in these broader areas of industrial relations. One need only think of proceedings before the National Labor Relations Board or the War Labor Board to realize this. There has been little evidence of any integrating administrative procedure, even where special gatherings of employer and labor delegates have been called to Washington to consider industrial relations policies. However, the fact that such principles have not been followed does not mean that they cannot be applied in more general fields of industrial relations. In fact, they could be effectively applied if there were permanent industry-wide organizations of employer and labor representatives such as were suggested in the preceding chapter.

Peculiarly, such an approach has virtually been made in the *international* field of industrial relations. The International Labor Organization has followed a procedure which in many ways is consistent with the principles of integrating administrative procedure. A permanent secretariat collects information concerning employment conditions throughout the world. This information is passed on to nations which are members of the organization. Proposals of action necessary to improve labor standards are prepared in the form of proposed treaties, or "conventions." At the conferences of the International Labor Organization these proposed treaties are discussed by joint committees composed of governmental, employer, and labor representatives from various nations. The recommendations of

these committees are then debated and acted upon by the general conference. Those meeting with the approval of the conference are referred to the member nations for ratification or rejection. Then the permanent secretariat checks on the working out of practices adopted under treaties which are ratified, or collects further data concerning issues where proposed action did not meet with approval. Here is, essentially, an orderly, comprehensive, penetrating and integrating procedure in the widest possible field of industrial relations, the international field.

This will illustrate the possibility of applying the principles of integrating procedure in industry-wide or national areas of industrial relations. Organizations which would perform a function in these areas comparable to the function performed by the International Labor Organization would, however, have to be formed, as has been pointed out.

The problem of applying sound principles of procedure in both the intimate relations of employer and employees and in industrial relations generally can be attacked at two levels. Employers, labor leaders, and government officials can work to gain a better understanding and acceptance of the principles of integrating procedure on an industry-wide or national scale. Individual managements can work to this end in relations with individual groups of employees. At both levels, however, acceptance of the principles of integrating procedure will have to be brought about by education and the development of understanding. It would be folly to try to use legal compulsion to impose them.

General application of these principles may have to wait upon their acceptance by individual employers and employees. It is in the environment of the individual plant where the worth of such principles can be demonstrated. It is reasonable to assume, however, that when enough employers and employees come to appreciate the worth of an integrating procedure of administration, a demand will arise for application of its principles in the broader areas of industrial relations.

■ X I

MANAGING LABOR PROBLEMS

THERE are three main differences between a scientific approach and haphazard, rule-of-thumb action. Science demands intelligent understanding and discriminating judgment. Scientific treatment rests upon a foundation of fundamental principles. Science also employs systematic and objective methods of analysis and solution.

The kind of understanding necessary, and the principles of a scientific, or at least professional, approach to the administration of industrial relations have been examined. The discussion in the preceding chapters should have made it apparent why solutions of the problems of industrial relations must be contrived. The question now turns upon *how* to apply our understanding of human nature and the principles of integrating administrative organization and procedure.

Here, consideration must be given to the third essential of a scientific approach—the need for and use of systematic and objective methods of analysis and solution of the problems of industrial relations.

The need for such methods is particularly great. In nature, the problems of industrial relations are always dynamic. They

are often complicated. They frequently involve far-reaching changes in all areas of administration. The causes of industrial relations problems often lie deep. Sometimes they may be found only in determining the subconscious factors of motivation that exist. Often their surface manifestations are most deceptive. Many problems of industrial relations also involve confusing conflicts of needs and interests.

Effective methods of analysis and solution are important, too, because it is necessary to proceed from surface manifestations to fundamental principles and back, *in a moving situation*. A problem of industrial relations does not stand still. It develops and takes on new characteristics each day, at least in its superficial aspects. Even its fundamental nature may change. This makes the use of formulae difficult and uncertain, if not impossible. What must be done is to determine *both* the immediate nature of a problem and its probable course of development. Often provisions must be made for a solution which can be effectively applied only over a long period of time. This is often necessary because solution depends upon education and the development of understanding, or upon an unavoidably slow process of gaining better control of circumstances.

This, incidentally, is why so many superficial formulae for the treatment of industrial relations problems do not work out. Take, for instance, many of the formulae recommended for handling grievance cases. These usually suggest several successive steps of action. First you must do this, then that, and then the other and, presto, your grievance will be settled. Yet experience will often show that in certain circumstances the formula should be applied backwards! Such formulae are not characteristic of sound methods of analysis and solution. They fail, because they do not assure an intelligent and developing application of basic principles to a progressively changing situation.

A systematic and objective method of analysis and solution is further required because, in particular, the principle of integration must be applied. The method of analysis must be systematic and objective because any problem must be seen as

a whole and against the whole industrial relations situation. The method of analysis also must meet the need for a multilateral approach, for seeing the problem from all points of view. Finally, the method of analysis and solution must penetrate to the fundamentals of the problem. It must be such as to assure that the operation and application of underlying principles will be brought out.

All this requires an adaptation of what is commonly called the "scientific method" of analysis. The adaptation which is required may be termed the "psychological-historical method of analysis."¹ The method must include psychological analyses because of the necessity for determining the principles of human nature which may be involved. An historical analysis must be made, because the problems of industrial relations have a chronological development. They always have a past, a present, and presumably a future. As has been noted, it is necessary not only to determine their present characteristics but their past and probable future development. Treatment must always be in terms of working out integrating adjustments to changing conditions.

The psychological-historical method of analyzing the problems of industrial relations, however, is based squarely upon the standard scientific method. It starts with determination of the facts. It proceeds to organization and interpretation of the facts in terms of basic principles. It then provides for determining the fundamental nature of the problem and the means of solution in terms of a sound application of basic principles. Finally, it provides for the development of a procedure of solution. This is worked out, first in fundamental terms, and then in terms of practical action.

The essentials of the psychological-historical method of analysis are indicated by the following outline.

¹ This adaptation was originated by Elliott Dunlap Smith, Provost, Carnegie Institute of Technology, and formerly Professor of Economics and Industrial Relations at Yale University. This method is described with his permission. The description is based upon Professor Smith's formulations, though he may not fully agree with the interpretation given here.

1. Determination of the nature of the problem by:
 - a. Systematic, comprehensive (multi-lateral), and historical determination and organization of the facts so as to bring out:
 - (1) The sequence of their occurrence and the chronology of events
 - (2) What is actually known, what is merely assumed, and what may be unknown
 - (3) The relationships and relative significance of known facts and assumptions
 - b. Analysis and interpretation of facts and assumptions in terms of:
 - (1) Their historical sequence and development
 - (2) Conflicts and issues which are indicated
 - (3) Their psychological nature and implications
 - c. Definition of the fundamental problem or problems as indicated by:
 - (1) The psychological implications of the facts
 - (2) The psychological needs to be met
 - (3) The psychological means of readjustment
2. Theoretical determination of a sound and mutually acceptable means of solution.
 - a. In terms of the psychological nature of the problem and means of solving it
 - b. In terms of practical action consistent with the psychological principles which apply
 - c. In terms of what must be done, both psychologically and practically, in order to achieve mutual acceptance of sound means of solution
3. Theoretical determination of a sound procedure of solution in terms of:
 - a. Needs for a systematic but flexible and psychologically sound process of adjustment
 - b. Possible alteration of the problem and necessity for revising the means of solution because of discovery of new facts or initial misinterpretation of facts
 - c. Possible need of adaptation of means and process of

solution arising from unforeseeable changes in circumstances

This method of analyzing problems of industrial relations is not as formidable as it may seem at first glance. Its use does require time, effort, and knowledge of the underlying principles of human nature. This is especially true with respect to large and complicated problems. But these demand careful and comprehensive analysis. Once the method is learned, however, it can be readily used and can be relied upon to provide a foundation for intelligent administrative action. It is, really, no more complicated or difficult than the methods of analysis which are commonly employed by management in treating problems of finance, mechanical development, or merchandising. However, because this method is not yet generally understood or used, it is perhaps advisable to comment upon it step by step.

The facts concerning problems of labor relations seldom come out in any logical manner. Many facts will remain buried unless they are *dug* out. Sometimes the most important facts will be the last to come to light. Often the significant or pertinent facts will be mixed helter-skelter with a good deal of information which is trivial or which has nothing to do with the case. This is why comprehensive determination and systematic organization of the facts is a first necessity. At the start it is often advisable to list all kinds of data, even though much may later prove inapplicable. Such data are easily discarded when the significant facts are identified.

It is suggested that the facts should first be listed chronologically, under such headings as "Company-Management," "Employees," "Labor Union or Organization," "Government-Political," and "General Social-Economic." It is well to start with a simple historical listing by dates of developments or events, but facts may be grouped in four main periods, viz., the long past, recent past, present, and future. "Future facts," of course, can only be assumed.

After this initial historical organization, the facts should be reorganized "functionally," i.e., to show historical development

concerning, for instance, financial development of the company, development of management methods or organization, changes in labor relations arrangements, trends of legislation or governmental regulation, and facts concerning social and economic developments in the area.

The "surface" facts in large and complicated problems may include such data as growth in the volume of business of the company, profit and loss experience, changes in management personnel, introductions of labor-saving machinery, etc. Under the heading of "Employees" may be included data concerning the number of employees, composition of the working force, hours of work, records of labor turnover, information as to experience with labor disturbances, and the like.

Particular care should be taken to list fully all facts, assumptions, and questions concerning unknown factors which judgment indicates may have a bearing upon whatever the current problem may be, whether it is a question of contract negotiations with a union or a change in wage scales and working hours. The reason for this is that in determination of the facts of any major problem it is important at the start to be comprehensive rather than selective. This is important for two reasons. "Habit-bias" will play a part in selection of the facts and may lead to considering some facts as irrelevant when they really are important. Comprehensiveness is important, because it tends to bring out facts which might easily be overlooked and to raise questions which might not otherwise come to mind.

It will be remembered that time is one of the more important factors of limitation applying to administration. It is, consequently, essential to determine how long it has taken a labor relations problem to develop and come to the surface. It is also important to determine whether the same kind of problem or situation has come up repeatedly in the past. This is so because it makes considerable difference whether a problem has developed slowly below the surface, whether a chronic condition must be dealt with, or whether circumstances have abruptly changed to precipitate management and labor into unexpected conflict.

Such historical analysis must be multilateral. All of the different but coincidental interests and desires of those concerned exert an influence. It is significant also to determine whether conditions inside a plant have caused the problems, or whether they have largely come about because of outside developments. Does the analytical chronology of facts, for example, show that management has made changes causing the employees to feel insecure and so motivating them to organize? Or have employees apparently enjoyed good relations with management, but been bitten by germs of discontent sown by outside labor organizers? Or do the facts show a combination of such influences? And over how long a period?

The next step in analysis is to discover what conflicts have occurred in the past or have currently developed, and the issues which these conflicts have created. This should be done both chronologically and functionally. When, for instance, has there been a conflict between the interest of management to maintain profits and the interest of the employees to maintain wage rates and earnings? How often have such conflicts occurred? When have there been conflicts concerning management's desire to introduce labor-saving devices and increase efficiency and labor's desires to hold jobs and work in comfortable, accustomed ways? When have conflicts occurred between the company and other companies concerning competitive practices? What about conflicts between company and government? To what extent have company wage practices come into conflict with laws governing wages and hours, for example?

Having identified points of conflict, these should be examined with a view to discovering what the issues have been. At some time the aim of management may have been to protect the company against loss of business due to depression or cut-throat competition. Has such an issue arisen when labor is faced with the choice of accepting part-time work at reduced rates or risking a change of occupation? When was management faced with the issue of increasing worker productivity or risking loss of business?

On the other side of the fence, were the employees, at the

same time, faced with an issue of early middle-age obsolescence, as many were in the depression of the 1930's? Did such issues arise at a time when business was faced with the issue of accepting new government controls or making a political fight to prevent encroachment of bureaucratic regimentation? Did such issues occur when employees and their families were confronted by uncertainty as to whether to draw upon savings or to curtail social activities and accept less favorable living quarters and conditions?

From such an analysis, management can obtain invaluable insight into the conditions surrounding a particular labor relations problem and its nature. It is far superior to rule of thumb experience or haphazard speculation.

To illustrate: the management of a large manufacturing concern undertook a few years ago to introduce a new system of labor-saving techniques. This involved a fundamentally new division of labor, involving virtually all of the five thousand employees. The management spent two years in introducing the new system and thought it was proceeding at a snail's pace. Had this management made a systematic historical analysis, it would have seen that there had been no significant changes in the working methods of the plant for a quarter of a century. Had it made a comprehensive and unbiased examination of the facts, it would have seen also that most of the employees had had to make no change in their work habits for over a decade and in some cases for a much longer period.

The management then would have had at the very least a strong indication that its introduction of new work techniques was proceeding, not at a snail's pace, but at a rate far too rapid for ready adjustment by the employees. Had this management also made a systematic analysis of the facts in terms of conflicts and issues, it would have discovered another very interesting fact, namely, that it was creating an issue for the employees as to whether to try to adjust to or to rebel against changes in work habits at a very inopportune time. For just then, in the midst of depression, the employees were faced with the issue of holding their jobs or going on relief. In the face of

this circumstance, a rapid introduction of a new efficiency system, designed to reduce the number of employees, carried terrifying threats to labor.

The final step in analysis of the facts is to determine their psychological character and implications. Suppose, for example, that the facts show repeated minor conflicts involving job loads and changes in working methods. Suppose they show that time and methods study has been having hard sledding. What would be the psychological explanation?

A working knowledge of psychology is essential for this part of the analysis. However, to assume such knowledge, the procedure would be to ask: Is this mainly a problem of reeducation and habit reformation? Is it a problem of aptitudes—are we asking workers with one set of aptitudes to do the impossible, to use methods requiring aptitudes they do not possess? Or is the problem an emotional one? Does it arise because of frustrations or fears of frustration? Or is it a problem involving injury to the workers' sense of self-respect or prestige? Has the replacement of individual skill by a group division of labor doing unskilled tasks caused resistance because of the feeling of loss of prestige on the part of old, skilled workers?

From such examination, analysis should proceed to a psychological interpretation of the issues involved. To what extent does such an issue as acceptance or resistance of governmental controls tend to arouse emotional reactions likely to cause management to act without objectivity? Or does the issue of employee resistance to new working methods arise because of habit-bias and lack of realistic understanding? Is it associated in the workers' minds with past experiences which have been frustrating and which they have found could only be overcome by aggressiveness?

With a labor relations problem of any complexity, it is necessary to examine all the psychological possibilities. Often several psychological processes or characteristics will be found to be directly involved. However, in most cases it is relatively simple to determine the main psychological character of the problem or situation. Often it is simply that habit-bias has led

to misunderstanding. Or it is readily seen that conditions causing the employees to feel frustrated or fearful and in need of reassurance have been created.

Having so analyzed the facts, the next step in analysis is to define the fundamental problem in terms of psychological interpretation of the basic issues. It is perhaps more precise to say that a *hypothetical* definition of the fundamental problem must be made. This caution is advisable, because even with the most careful efforts to determine the facts, there may be some which were not discovered or some which were misinterpreted. In most instances, however, careful analysis of the nature of the problem will permit definition of the fundamental problem with enough accuracy to indicate what must really be dealt with.

By way of illustration, refer back to the case just cited, where management undertook to introduce far-reaching changes in working methods. The practical problems were to get the employees to accept the new methods and to gear their introduction to the ability of the employees to learn and use them. The issue confronting management was, of course, to gain the benefits of improved efficiency as quickly as possible without causing labor trouble. The issue created for the workers was to protect themselves from displacement or loss of valuable skills without jeopardizing their jobs.

Psychologically, this situation involved questions of aptitudes, relearning, and new habit formation, and of real or potential frustrations of the employees' fundamental desires for physical and psychological adequacy. In the area of desires, a danger of frustration of specific desires to work in accustomed, comfortable ways and to maintain the prestige of skilled workmen was also involved.

The fundamental problem faced by management in this case may thus be stated as follows: to realign the workers according to aptitudes and skills, and to give them new working habits, and at the same time to give them reassurance that when the new habits are learned, the workers will be better able to satisfy their desires for security and adequacy. With

real understanding of the characteristics of human nature, the management could have foreseen that its problem involved much more than making time and motion studies and then ordering a reassignment of workers to new jobs and ordering them to observe the working methods laid down by the industrial engineers.

Clearly, one part of the problem demanded careful determination of the aptitudes and skills required by the new methods and of those possessed by the workers. The difficult task of persuading the workers to break old and strongly reinforced habits and to learn new habits had to be dealt with. The inevitable fears of loss of job, of demotion to less skilled work, or loss of prestige, of reduced earnings, which workers feel when more efficient machines or methods are introduced had to be dealt with. If these were not dealt with intelligently, a chain of frustration, emotional turmoil, rebellion, and irrational aggressiveness could readily be started. In the face of such factors, one wonders how a management could blithely and superficially act abruptly to introduce almost overnight a far-reaching series of new working methods, as was done in the case cited.

Even though it is often not possible at first to determine definitely the fundamental problem, merely hypothetical formulation in fundamental terms will provide some safeguard against mistaken action. For, as tentative efforts are made to work out a solution, or as the matter is taken up with executives and employees, new facts or reactions can be considered objectively and in the light of the fundamental hypothesis.

This is so, because both systematic analysis of facts and fundamental analysis of the nature of the problem are in effect "disciplines." By using these techniques, management, in effect, disciplines itself to be at once objective, bilateral, and fundamental in its treatment of labor problems. This, of course, is precisely what a chemist, physicist, or other scientist does in using comparable methods of analysis. The effect is also comparable to the effects of methods commonly used by management in dealing with a problem of machine design or process development.

Beyond this, repeated use of these methods, though seemingly awkward or overly involved at first, has the effect of habit formation. Management, by intelligent practice, can become "conditioned" against superficial and haphazard action. Though the analytical procedure may seem complicated, once learned, it can be applied with effectiveness.

In the case of the technological development just cited, one part of the problem faced by management was to reconcile the new working methods with the aptitudes or skills of the employees. A second part of the problem was, with proper regard for aptitudes and skills, to educate the employees to use new work habits. The third part was to get the workers to accept the introduction of the new methods and changes in skills and habits involved and to reassure them that their interests and desires would, so far as possible, be served and protected.

Now, since no one learns unless he wants to, it is obvious that the last part of the problem had to be solved first. Only when that was done, could management expect to be able to work out a new adaptation of worker aptitudes and teach them new working habits. The last thing management should have done in this case was to introduce the new methods. A long period of preparatory education was first called for.¹

In fundamental terms, a hypothetical solution of this problem would run about as follows: Give the workers a clear understanding of the need for and benefits of the new methods, coupled with assurance that they would be protected in every possible way against loss of job, displacement, lowered prestige, and the hardships of habit reformation. Then work out a reconciliation of the aptitudes and skills required by the new methods and those possessed by the workers. Finally, train the workers in the use of the new methods, but in doing so, realize that any process of education is slow and that when it involves habit reformation it can encounter "psychological blocks," prove temporarily frustrating, and so demands careful

¹ E. D. Smith in collaboration with R. C. Nyman, *Technology and Labor*, Yale University Press, New Haven, Conn., 1939.

and systematic understanding and treatment of consequent emotional disturbances.

Remember in doing these things that instances of hardship, such as an unavoidable displacement of a few workers, or difficulty in habit reformation and its consequent emotional disturbance, can become "symbolic" and can be "generalized." Hence care must be taken with each worker or each small group so that initial experience with the new methods will be reassuring and will have a positive or favorable symbolic value. Provide for solution of these inevitable difficulties by reassuring managerial example and patient education. Guard in every way against unreasonable compulsion, because this is the spark which will touch off the fuse of the frustration-aggression process.

Such, in the form of an illustration, is the nature of a hypothetical solution in fundamental terms. Such is the job faced by management with respect to the kind of problem cited. The same principles of solution must, of course, be applied in handling other kinds of problems.

In working out a hypothetical means of solution, care must be taken to determine to what extent it involves conflicts of desires and how these can be resolved by the process of integration. As shown in the illustration just given, the hypothetical solution did not eliminate virtually certain conflicts between the desires of the workers to retain old, comfortable work habits and the desire of management to have them learn new habits. The solution of the problem lay in persuading the workers to discard old and learn new work habits.

That this was the nature of the solution to be sought did not, however, remove the fact of a virtually certain conflict of desires. In order to put the solution into effect, this conflict had to be resolved. In a sense it was part of the fundamental problem and called for some provision in the hypothetical solution. On the other hand, the conflict of desires was incidental.

Even so, conflicts of interests and desires involved in a problem of labor relations and its solution are usually of such critical importance as to deserve special consideration and analysis.

Solution of the problem *per se* is mainly a question of objectives and means of obtaining them. Conflicts which are involved are an obstacle, both to means and objectives. Then, too, solution of a particular problem may be blocked by conflicts which have really nothing to do with it directly.

For instance, suppose, in the case cited, that a destructive conflict for domination was going on between the plant superintendent and the industrial engineer. This would not, as such, involve the workers' willingness or unwillingness to learn new methods or their ability to do so. Yet such a destructive conflict between executives might well jeopardize the success of the whole program of methods development. Because of such factors, it is well to give special attention to conflicts which may be directly or indirectly involved in a problem.

As it happened, a condition of destructive conflict between old-line superintendents and newly employed industrial engineers existed in the case cited. Consequently, any hypothetical solution of the problem of gaining worker acceptance of the new methods had to be considered in the light of intra-executive conflicts as well as conflicts between the desires of worker and management.

This often happens. Systematic and fundamental analysis must take into account not only the particular problem but its environment. What is of primary importance in this respect are the conflicts of interests which may exist and which more or less bear upon the particular problem to be handled. There may, too, be conflicts which have been brought in from the past to influence a particular problem and its solution.

For these reasons, what must next be done in the historical-psychological process of analysis is to determine the nature of these conflicts and how the principles of integration can be applied. As in the other steps of analysis, this should be done first in terms of the underlying psychological situation.

The next step to be taken is to translate the statement of the fundamental problem and its solution into practical terms. What must be done here is perhaps best explained by an illus-

tration. Again taking the case of the concern which faced the problem of introducing new working methods:

In such a situation, management would have to decide upon certain practical actions designed to overcome the fears of the workers that they might lose their jobs or not have the right aptitudes or skills. To deal with this part of the problem in practical terms, management could plan to put the new methods in effect in piecemeal fashion. It could call a few workers together in one department and give them a simple explanation of the reasons for and advantages of new work techniques. It could, at the same time, give reassurance, both verbally and by example, pointing out, for instance, that the workers would be asked only to try the new methods on an experimental basis, that they would not be asked to follow them permanently until they felt confident that they were able to do so, that during the experimental stage they would be paid their average earnings and perhaps a bonus, etc. Management might well also select a group of older, long-service employees, and give such workers an incentive to try the new methods by appealing to their pride in skill, work, or service. Management could make other practical arrangements, such as to hold preliminary conferences of superintendents, foremen, and time-study men, to educate them as to the psychological significance of the problem.

The principle here is that management must work out practical means of solution which are consistent with the psychological characteristics of the problem and with the means of its solution. As in analysis of the facts, this demands not only good judgment but at least a working knowledge of psychological principles and processes.

In working out the practicalities of solution, management should, finally, consider and provide for other factors, such as time control, adaptation of the procedure of solution to possible new conditions, arrangements allowing for possible needs of modification, or flexible adaptation in case of unexpected resistance or misunderstanding.

At this stage, however, management should realize that all it can do is to work out systematically a hypothetical procedure

of solution. Such realization is important because of the danger, otherwise, of getting attention fixed upon pushing through a preconceived plan of action. As will be made clear in the following chapter, this must be carefully guarded against. Even in the stage of formulation of practical means of solution, management must realize that it is still engaged in a process of *analysis*, and analysis, however well made, is subject to test under conditions of action. These tests may at any time reveal facts not hitherto known to exist, or flaws in interpretation and reasoning. While it is possible, for example, for management pretty accurately to determine worker attitudes or beliefs by means of bilateral analysis, there is always the chance that the workers may have something in mind which could not be imagined, foreseen, or properly interpreted.

A professional approach to the administration of labor relations thus should employ a multilateral, historical, and psychological technique of analysis. Only by a systematic use of such a technique can management be sure that it is getting down to fundamentals, is viewing the facts objectively, and is covering the situation with sufficient comprehension. Otherwise, almost certainly, action may be taken which is inconsistent with the demands or nature of the problem and which may encounter unexpected and undesirable consequences. Admittedly, the use of the historical-psychological technique demands good judgment and imagination and a working knowledge of psychology.¹ The technique is not intended to, and will not, supplant good judgment, but it is a tool of great value in the development and application of sound judgment. In the complexities and dynamics of labor relations, such a method of analysis goes far to bring order out of chaos and to assure both realistic and professionally sound treatment.

¹ E. D. Smith, *Psychology for Executives, Revised Edition*, Harper and Bros., New York, 1935. This is the best discussion yet published of the psychological principles involved in management.

■XII

"INTEGRATING" EDUCATION

HAVING determined the nature of the labor relations problem, or the conditions to be dealt with, and a hypothetically sound solution, management must follow a sound method for putting it into effect. It is almost as futile to attempt to compel subordinate executives, employees, and employee representatives to accept a sound solution as to accept one which is unsound. The only saving grace in so doing might be realization by those concerned of the soundness of the solution. Efforts to compel acceptance, however, are all too likely to create an emotional response which inhibits the ability of those affected to view the proposed solution dispassionately and objectively.

Management, consequently, must not only contrive a sound *means* of solution. It must also contrive *acceptance* of the solution. It must likewise safeguard itself against the possibility that it has overlooked or misinterpreted some of the facts. Accordingly, all concerned must be educated and persuaded that the means of solution proposed are sound or that modifications of the hypothetical solution are in order. Acceptance, in other words, must be brought about by developing mutual under-

standing of, and confidence in, the action proposed or taken. Education must be used as a means of applying the principle of integration.¹

This involves discussions and negotiations, especially with subordinate executives and employee representatives. However, one of the strangest shortcomings of management is the inability of otherwise competent executives to negotiate effectively with worker representatives or groups of employees. This inability has been commented on recently by two representatives of labor unions in the steel industry. They have observed that sales managers or purchasing agents seem better able to negotiate with labor than are production managers who have the responsibility for managing labor.

The reason for this is easily understood. Salesmen and purchasing agents are accustomed to dealing with customers or vendors over whom they have no authority. They consequently get the habit of approaching a selling or buying problem in terms of the other fellow's interests. They must, if they are to do their jobs, persuade those whom they deal with that it is to their interest to buy or sell. A salesman or a purchasing agent also gets accustomed to listening to the other fellow's story and to regarding him as having an equal and self-respecting status. Men who make a success of buying or selling must also have some aptitude for persuasive discussion. Moreover, they must always approach a situation bilaterally, for unless a deal is mutually satisfactory to both buyer and seller, enduring and mutually profitable relations are not likely to be maintained.

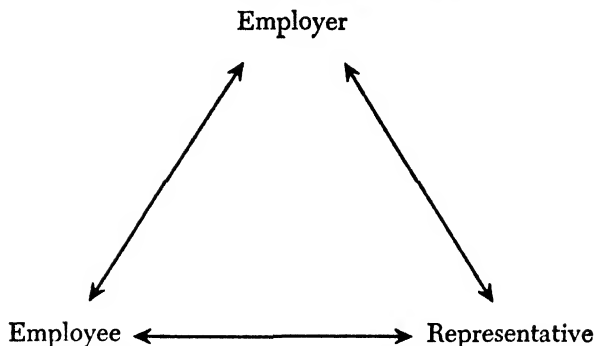
General managers, plant managers or foremen, having authority and preoccupied with the technical problems of production, are, on the contrary, given no such incentive to "sell" their ideas to labor. It is too easy for them to rely on their authority, for it is always easier to issue an order than to "sell" a foreman or group of workers the idea that if they work in a

¹ The following discussion is based upon the principles of persuasive education as originally formulated and taught by Professor E. D. Smith.

certain fashion both they and the employer will benefit. Then, too, production executives are all too frequently selected because of aptitude for, and skill in, the techniques of production—engineering, mechanical operation, or organization. While more and more, with the development of automatic machinery, production jobs have become labor management jobs, and while foremen are more and more selected because of ability to lead men (or, regrettably, to drive them), foremen or plant managers have not been brought up in an environment of negotiation. Most of them have had no occasion to learn or to practice the art of selling.

This has curious results. It is an underlying reason why collective bargaining becomes acrimonious bickering. It is a reason why plant executives and labor leaders often argue for hours at cross purposes and with growing resentment. It is a reason why honest bewilderment on the part of employees is often mistaken for pure cussedness. But, worst of all, it frequently only intensifies the underlying frustrations of employees, stimulates them to unreasoning aggressiveness, and results in the intensification of old conflicts or the creation of new ones. The integration of labor-relations conflicts requires not only a soundly reasoned solution, but that the employees or the managers be persuaded that the solution is adequate and acceptable. All too often, inability on the part of executives to "sell" their ideas to the employees results in resistance to, or rejection of, a soundly thought out plan.

Managers need to bear in mind that the sound handling of industrial relations demands two-way education—education of labor by management and education of management by labor. This is precisely the case in selling or buying. The seller must educate the buyer as to how his product will serve the buyer's needs. The buyer must give the seller an understanding of what his needs are. When a third party, such as an agent or a union organizer, is injected, the situation is somewhat complicated. In such a case there are three lines of communication *and education*. In labor relations these are:



As the above diagram shows, if the employees present their case through a worker representative, the employer must get their views second-hand. The same, in reverse procedure, is true of the employees. In this line of communication there is danger that even the most honest and intelligent representative may not give either employer or employees clear understanding. The same situation exists if the line from employer to employee to worker representative is used. The only channels by which clear understanding can be assured are the direct ones between employer and employee, or between employer and worker representative. In consequence, whether or not the first channel of communication has to be used, it is essential that a check be made by using the other two. For example, if management wants to be sure that the employees get the same information as is given to the union organizer, the information should also be given directly to the employees. Or it should be given directly to both together.

Appreciation of this typical buying and selling situation is a first essential if management wishes to achieve mutual understanding with labor. Failure to appreciate this has led management into dealing with unions exclusively and forgetting to deal with and inform the employees. In fact, it has resulted in management becoming so absorbed in working out relations with unions that in many instances management appears to have overlooked the existence of the employees, who are in truth

the second principal in the labor relations buying and selling situation. What happens in this respect when industrial relations disputes are taken to government agencies is best left to the imagination!

Management, also, if it wishes to enlist employee support and cooperation and get the understanding essential to this, must realize the underlying attitude of most employees. While all employees may want to fight management once in a while, most of them do not want to do so all of the time. But neither do employees want merely to work for management. What most employees really want is to work *with* management. If workers are to be persuaded to accept management's proposals, or if they are to have the proper chance to persuade management to accept their ideas, they must be approached with a recognition of this attitude of desiring to work with management. Failure to do this has at the start jeopardized many well-intentioned plans of management and has caused labor relations conferences to become futile wrangles. This, of course, ties in with the underlying desire of men for a status of self-respect and integrity.

But is such an approach practical, or possible, when an aggressive labor organizer is present, or when a rebellious shop steward is representing an employee? Admittedly, such an approach is made more difficult by that situation. If, as often happens, the organizer has assured the employees that he will walk into the boss's office and "put the screws on," the employees may well be in a mood to see just this done, and to relish the experience. This, however, does not change the basic situation. It only means that the employees need be made conscious of their underlying desire to work with the boss if he is willing to work with them. There are several ways this can be done. The aggressive organizer can be allowed to "blow off steam," and then the real discussions can be postponed for a cooling-off period. Another way is to be sure not only to talk *to* the labor organizer but also to talk *with* the employees who are present.

But whatever the case, the first necessity is for management

to back its engine onto the employee's train. However much a labor leader may insist on having all relations with employees conducted through him, and however convenient this may be, if employees are to be persuaded, they must be given direct understanding and an incentive to try to understand by approaching them on the sound assumption that fundamentally they want to work with management if they can. We have seen, too, the fundamental importance of effective participation.

As has been suggested, an obstacle is the prevailing attitude of labor union leaders. Labor unions need to change their attitudes and methods. Labor leaders, like employers, need to realize that labor does not want to fight management but wants to work with it. Union leaders have got to get over the idea that they can only win and hold support by always "getting something" for labor, or that their security depends upon such artificial means as the "closed shop" or the "check-off." They must learn that what labor really wants and needs is the kind of representation that will enable it to work with management so that the mutual interests of employer and employees will be better served.

It may be that labor needs to be educated to the fact that this kind of representation is worth while and is worth supporting a union and paying dues to obtain. But labor leaders, as well as employers, have underestimated the common sense of working men and women in this respect. On the other hand, if the attitudes and methods of labor unions present obstacles to an intelligent working out of labor problems with employees, it is up to management to bring about a change in the right direction. And this can be done if management will but give employees the understanding and confidence that they can work together.

Whether the objective is determination of the real nature of a labor difficulty, or putting into effect some plan for integrating a labor relations conflict, management must take as a starting point the attitude, understanding, and interests of the workers. Obviously, this means that management cannot afford to come into a conference with its emotions out of control, or resentful

of what seems to be unwonted rebellion, aggressiveness, or stupidity on the part of labor. And if the underlying desire of employees to work with management is submerged in a storm of tempestuous emotion on their part, effective negotiation is impossible until the atmosphere is cleared.

Often the attitude or feelings of the employees must be dealt with before the labor-management problems involved can be taken up. It is frequently difficult for executives, accustomed to going directly into the subject matter of a problem with other executives, to realize this. They are all too prone to forget the difference in status which may have existed between management and employees, and that the latter, without understanding or security, may be subject to feelings of resentment or futility to an extent that makes it impossible for them to use reason until these feelings have been overcome or worked off.

Assume that management knows the issues and facts realistically and realizes that even so it may not know the whole situation. Also assume that the issues have been analyzed and evaluated from the employees' point of view as well as from the employer's. Assume, further, that management comes into conference with an understanding of the prevailing attitude and the interests of the employees and is prepared to approach the problem from this end. Then what principles can be followed to assure a working out of the situation by means of "persuasive education," by the development of mutual desire to contrive a solution effectively serving all of the interests involved?

The first principle is that *rapport must be established*. That is, management must convince the employees or their representatives that the approach will be friendly, factual, and that issues will be dealt with judicially, with due regard for all interests, as mutual understanding of them develops. This confidence can be established by listening patiently while the employees or union delegates blow off steam, by giving convincing evidence of real interest by displaying sympathetic attention, by tone of voice, expression and posture, even by a rugged firmness in meeting outrageous demands or accusations. But

whatever conduct seems indicated on the part of management, the objective of raising negotiations to a level of intelligent reasoning must be shown and achieved. Better to spend hours and postpone consideration of the questions involved until this has been done, than try to negotiate in an atmosphere of suspicion, fear, or resentment. For if negotiation is to be effective, management must have control of itself and of the situation and so must labor.

The next principle is that the *process of negotiation must be organized and given structure*. The position and responsibility of each of those present should be clearly determined and understood. An orderly consideration, from finding and getting agreement on facts, through interpretation of agreed-upon facts, to decisions based on facts, must be provided for by making the steps to be followed clear to all.

In a simple situation this can be done merely by explanation. For example, an employee recently raised a question as to whether he was being paid a salary commensurate with the responsibilities of his job. The executive to whom he directed his question replied, "Let us first see what the facts are. We know pretty well what you are expected to do. But suppose you fill out some job description forms and jot down anything else you want to say about your job. Then we will sit down together and see how much of your work is skilled, how much semi-skilled, and how much unskilled. We will also see how frequently or infrequently you perform various duties. We will try to find out how important it is to have a man on this job who can do some skilled tasks, even if most of his work is of an unskilled nature. We will then try to decide what the proper value of your job is and whether you should get a raise, or whether, perhaps, we should try to find a more skilled and highly paid job for you somewhere else." Notice how this brought the employee to participate in working out a solution.

In more complicated situations, more formal organization of the process of negotiation is needed. How this organization can be provided is well illustrated by the plan of worker representation referred to previously. (See pages 62 and 109.) Under this

plan the organization of the negotiation process was as follows:

Either management or employee representatives could initially raise a question or make a proposal. Provision was made for direct announcement, explanation, and preliminary discussion at this stage. Secondly, the question or proposal was submitted *separately* to subcommittees of management and subcommittees of worker representatives. These were responsible primarily for developing the facts and defining the relative positions of management and labor. (Incidentally, this provided for a bilateral examination of the facts.) Thirdly, the question or proposal had to be submitted to a joint management-employee representative committee. This committee was charged with responsibility for agreeing upon the facts and presenting recommendations. Its duties were, in short, analytical and advisory. Fourthly, the recommendations were submitted separately to management and to the whole body of worker representatives. This afforded an opportunity for critical examination of facts, interpretations, recommendations. (Incidentally, here, too, the status of self-respecting independence was protected.) Finally, management and employee representatives met together for the purpose of final consideration and decision.

Thus the whole process of negotiation was carefully organized. An orderly process of consideration from fact-finding through to decision was assured. Both management and labor were protected from "jumping the gun" or "going off half-cocked." Both obliged themselves to engage in a process of *mutual* "integrating education." At one and the same time, provisions were made for objective and dispassionate analysis and for realistic adaptation or modification of original ideas.

Another aspect of organizing the process of negotiation is that of providing "time control." It must be made clear that adequate time will be taken to get the facts and understanding of the facts on the pertinent issues, and that other issues will have to be considered at other times and will not be allowed to clutter up the discussion. The question of "time control" is apt to be particularly important in negotiations with labor

unions. Labor organizers often consider that they will get more if they put the pressure on. They simply have to make a demand and back it up by threatening to strike. Even in such a situation, it is usually possible for management to make proper provision for time control, though in such circumstances it is important for management to anticipate this need much in advance of negotiations. This reflects the importance of an integrated procedure of administration. However, what needs to be done is to indicate how the process of negotiation is to be organized and then to estimate how long it may take to find the facts, to get agreement on the facts, and the rest. Then management can point out why a conscientious but deliberate procedure is essential. Even in the face of considerable pressure from a labor union, it is usually possible for management to insist upon enough time. For then the evidence is that of bargaining in good faith.

Another aspect of time control is that of scheduling *when* to conduct negotiations. A time must be selected when subordinate executives and employees are open to persuasion and education. Such a time does *not* exist when conditions of fatigue, tension, and emotional excitement are prevalent, which is a good reason why "cooling off" periods are necessary in strikes, and why labor negotiations usually should not be conducted after working hours. In general, the determination of when to undertake negotiations depends upon existence or development of a condition of open-mindedness or interest. Sometimes, of course, necessity chooses the time. But if this happens, control need not be lost. Management can realize that action has been forced, that when things cool off, or opportunity offers, education and understanding can be brought up to date. It is important, however, to put all concerned on notice that forced action is going to be subject to review, thereby making preparation for future time control.

In whatever way the process of negotiation is organized, management must take care to give full opportunity for expression by labor and for a round-about approach to the issues involved, if necessary. Just how this can be accomplished depends too much on the particular circumstances to permit the use of

any formula, but if management realizes that the process of negotiation must be organized, it can, by the use of reasonable intelligence, do much to make labor negotiations orderly and cooperative.

So long as the issues are appreciated, or provision is made to admit pertinent new issues, and so long as the approach is in terms of the employees' point of view, it makes little difference what issues are taken up first. But it is essential—and this is a third principle of negotiation—that the consideration of the issues converges so as to clarify the fundamental problems. To make sure of this, management should, as the discussion progresses from one stage to another, summarize and establish what has been brought out in each stage; that is, make sure that mutual understanding has been developed. Again, how this can be done depends upon the particular circumstances and the intelligence and skill of the executive participating in the discussion.

An example of how this can be done is offered by some recent negotiations in which a labor union demanded the "union shop." The personnel director concerned had a small blackboard put on the wall of his office. In the presence of the negotiating committee, he wrote on one side the issues which had been considered: recognition of the union, wages and working conditions, grievance procedure, and finally, "union security." Then on the other side he wrote in vertical order: closed shop, union shop, preferential shop, maintenance of membership shop, and open shop; after which a lengthy discussion of these various "shops" and their relation to union security was conducted. A consideration of the relation of union security to the other issues followed. Step by step it was pointed out how agreement had been reached on all issues save that of union security. Then the personnel man pointed out that a conflict of principles existed—that management could not accept the principle of artificial union security. Agreement could not be reached on this issue and a brief strike followed. But the employee representatives knew where they stood in the process of negotiations. After only one day of face-saving strike, they accepted all of

the terms agreed upon and an open-shop arrangement. Later, management realized, in view of the social conditioning of labor union leaders, its stand was unrealistic and agreed to a maintenance of membership shop.

A fourth principle of negotiation is that discussion must throughout be adapted to the characteristics, backgrounds, and methods of the employees and their representative. This means that management must try conscientiously to realize what they are experiencing, and so far as this can be understood, management must avoid words or acts which embarrass or create resentment, and must encourage and reassure. To adapt discussion to the employees, the case must be put in terms of the employees' experience, language, or ways of thought. In discussion, for example, a careful but highly technical and academic statement may prove worse than futile, for it is verbal evidence that management is not thinking in terms workers can understand and, worse still, is evidence that management cannot or is not trying to understand them. Such adaptation is of the utmost importance, because the willingness of employees to try to understand or to accept decisions is mainly dependent on the proof presented by management of fairness, appreciation of their difficulties, and generosity of attitude. This is much more a matter of what management shows than what it says.

It is easy, in negotiations with labor union representatives or aggressive employees or other groups, to indulge in the practice of trying to out-trade the other fellow. A good deal of temporary satisfaction can be gained by indulging in tricky or shrewd moves which out-smart the union organizer. Union organizers can, and often do, enjoy playing this game, too, and are frequently more skillful at it than industrial executives. But the process of integrating education, while a process of mutual persuasion, is not a trading process. It has the objective of developing a mutually satisfactory relationship, not the objective of out-trading the other fellow. If any permanently constructive results are to be achieved in labor relations negotiations, mere "smart" trading must be ruled out. If the underlying

desire of employees to work with management is to be cultivated, and if means making it possible for them to work with management are to be developed, management must be honest and genuine in negotiations with employees.

This applies in dealings with individuals, with informal groups, or with organized labor. The executive who says the way to treat labor is to "kid it along," or the management which distributes copies of a financial statement, printed by a three-color process and worded in Mother Goose language, but which does not honestly meet the employees' issues, only wastes breath and money. "Hard-boiled" honesty is better than any hypocritical sympathy. For if workers can sense anything, they can sense falseness or the "real thing" in their bones.

A final principle in the process of integrating education is that, in negotiating with the employees or their representatives, preliminary plans or proposed solutions must be adjusted to the situation as it develops. In other words, if conferences bring out a condition overlooked or previously unknown, management must be ready and able to readjust its beliefs and plans. The situation must be dealt with as it actually develops and not as even careful preliminary analysis and planning have indicated it ought to develop. Care must be taken, of course, not to make superficial readjustments on the basis of expediency, but to work out a fundamental solution. This does not mean that sound practical readjustments cannot be made, for almost any predetermined plan requires practical adaptation to actual conditions.

While the process of integrating education requires observance of the principles which have been referred to, it consists essentially of: (1) giving and getting the facts; that is, a bilateral determination of the essential facts of a situation; (2) an equally bilateral examination, explanation, and interpretation of the facts, so as to bring about realistic mutual understanding, and determine the real problems or needs; and (3) working out a solution which can be voluntarily accepted by both management and labor. In using the process, professional knowl-

edge is advantageous, but patience, sincerity, and common sense are indispensable.

All of the foregoing principles apply and must be observed, whether the problem is a simple one, such as changing the duties of an individual employee's job, or whether it involves developing a workable relationship with a labor union. In any case, both management and labor must obtain realistic understanding and be brought to see that the change or solution will be mutually beneficial or that it is the best that can be contrived in the light of circumstances which cannot be controlled.

Unless this is done, labor must always be concerned primarily with protecting itself against arbitrary orders or management acts which threaten labor's interests. Admittedly, the process of persuasive education takes time, care, and patience. Admittedly, practice, experience, and professional knowledge of the fundamentals of labor relations are required before the process can be used skilfully. Integrating education, nevertheless, is a method which management can employ effectively to gain the wholehearted support of labor and to assure that management's solutions of labor relations problems adequately take into account the viewpoints and interests of labor.



CAPITAL, LABOR, AND GOVERNMENT

IT has been painfully apparent in recent years that industrial relations involve relations with government. This is necessarily so because matters of general economic, social, and political concern are affected by the relations of capital and labor. Constructive industrial relations contribute to the general welfare. Destructive industrial relations do the reverse.

The fact must be accepted, therefore, that relations with government must be taken into account in the administration of industrial relations. The implications here must be seen both comprehensively and fundamentally. The problem transcends any mere observation of, or resistance to, labor laws or actions by boards and commissions set up to deal with labor disputes. Those responsible for administration must assume responsibility for bringing about an integrated and constructive use of the interdependent powers of capital, labor, and government. This is something which management has not yet tackled in terms of applying the principles of integrating administration. Management generally has not even made a comprehensive and objective analysis of the problem.

Such an approach must be made, because government has powers not possessed by either capital or labor. Government has the responsibility and authority for making and enforcing decisions in matters affecting both special interests and the general welfare. It has the power to regulate the conduct of all groups and individuals. Part of this is the power to restrain and punish antisocial elements. Government has the power to use both public and private resources for the general welfare. Here it has the power to undertake projects beyond the capacity of private capital. It can undertake public works, such as the construction of roads, reforestation, soil conservation, and flood control. It can undertake to provide unemployment insurance and make other provisions for social security. Government has special power in international relations. It can, for example, command all the resources of the nation to wage war. But it can also do much to bring about international relations conducive to world trade and economic welfare. Obviously, use of these powers greatly affects the relations and interests of both capital and labor.

The powers of government can be seized and used destructively. They can be used by unscrupulous leaders or groups to subject the people of a nation to conditions of economic, social, and political servitude to the state. This has happened in modern times in Germany, Russia, Italy, Spain, and Japan. The powers of government also can be rendered impotent. Warring factions, each trying to use the powers of government for its own ends, regardless of the general welfare, can cause government to become unstable and powerless. The end result is national demoralization and disintegration. Such a nation becomes easy prey for another aggressor. The recent history of France is a case in point. Almost invariably, too, conditions of destructive conflict between capital and labor have been a major contributing cause in such misuses of the powers of government.

The problem is to make constructive use of the powers of government. This is as essential to the economically and socially profitable operation of industry and commerce as to any other

needs of a nation. But constructive use of the powers of government cannot be expected to develop by any vague process of evolution. Constructive use of the powers of government depends from first to last upon informed, intelligent public opinion and unanimity of purpose. Destructive relations between capital and labor do not provide such understanding nor such unanimity of purpose. Instead, they threaten the national welfare and so give cause and excuse for governmental domination. Destructive conflicts between capital and labor are a disintegrating force. At best, government can only try to preserve its own integrity and serve the general welfare, whether capital and labor like it or not. The same effects come, of course, from destructive relations of other groups, such as agriculture versus industry, or one section pitted against another. The destructive potentialities are vividly demonstrated by the fact that a sectional conflict once plunged the United States into civil war. Constructive use of the powers of government demands common understanding and common action by all groups. More particularly, capital and labor must work jointly to achieve the right use of the powers of government, and in doing so they must give regard to the general welfare. This is an important reason why management should bend its efforts to develop constructive relations between capital and labor.

Government is so generally regarded as a negative instrument that the first approach to consideration of a constructive use of its powers probably should be a reexamination of its functions. Government really represents the administrative powers of the people of a nation. The functions of government are essentially the functions of administration. Governments are established mainly to perform the functions of development, direction, and control in the broad areas of economic, social, and political relations. Government is likewise subject to the same factors of limitation as apply in narrower fields of administration. The powers of government are delegated to, and its functions are performed by, agencies of government—legislative, executive, and judicial. All three are instruments of administration, even though the legislative and judicial branches are

not ordinarily conceived as such. Even so, the one is concerned mainly with development and the other with control. They are thus functional divisions of an administrative instrument called government.

If this view is sound, government must be conducted so as to meet the requirements for constructive human relations. The principles of integrating administration must be observed. More explicitly, the structure of the organization of the relations between the agencies of government, capital, and labor, or other groups, must provide each with a status of independence and integrity. The administrative procedures of government should be consistent with the principles of integrating sequence, comprehensiveness, and penetration. The necessity for integrating education must be met. Otherwise, there will not be adequate assurance that the powers of government will be used constructively.

All this implies a need for criteria providing a basis for determining whether the powers of government are being used constructively. Such criteria are the more necessary because those who would exploit the process of government for ulterior purposes always offer plausible reasons and use oblique and devious methods. What, then, are such criteria?

Will proposed use of government power stand up under objective, multilateral analysis? Do the claims of those who urge a particular use of government power jibe with the real facts? Does legislation respect and protect the rights and the privileges of all who are affected—minorities as well as majorities, capital as well as labor, one section as well as another? Does administration and enforcement of law respect the integrity of status of all concerned? Is the use of governmental power biased in favor of one special interest and opposed to another? When the power of government is used to restrain, does it restrain antisocial elements in their own interest, as well as in the interest of the general welfare? Or is this power being perverted so as to impose vindictive punishment? Is use of governmental power necessary because of the compulsion of circumstances, or is it being misused as an instrument of arbi-

trary authority? Are constitutional limitations observed, or is there an attempt to evade them? Are responsibility and authority clearly fixed and limited by the law under which governmental power will be used? Or are these restrictions so vague that authority given for one purpose can be used for some other purpose? Is the integrity of each of the functional branches of government, the legislative, executive, and judicial, respected and protected? Or is one branch of government acting to gain domination over, and undermine, the integrity of the others? Have all of those affected had an opportunity for effective participation in determining how government's power shall be used? Or has one or more of the parties been denied an opportunity to get the facts and make known its needs and interests? Is the use of governmental power designed to impose standards of conduct or restraints which have not been accepted as essential or desirable by the great majority of the people? Or is the power of government being used to gain the favor of special groups? Are special groups being offered preferential treatment as a means of buying their votes? In other words, is the power of government being used as an instrument of enticement and coercion? Above all, is use of governmental power based upon an appeal to the emotions rather than to reason, to feelings of fear or hatred? Is advocacy of the use of governmental power accompanied by vicious and slanderous attacks on any of the elements of society? Finally, is the use of the taxing power of government clearly specified? Are the methods of taxation direct, or are they hidden? Can the expenditures of public funds be plainly determined? Is the use to which public funds are to be put definitely specified?

These are some of the more important criteria by which the use of governmental power should be judged. They apply equally to the enactment of legislation, to use of governmental power for economic and social betterment, to the administration of governmental agencies, and to law enforcement. They apply equally to the use of governmental powers by the agencies of government and to efforts by political parties, capital, labor, or other groups to use governmental power.

When the answers to any of these questions indicate that the integrity of government and the integrity of any of the elements of society are being put in jeopardy, beware. When answers to these questions indicate that governmental power is being used to entice, coerce, or inflict vindictive punishment, bear in mind that this is the road, either to totalitarian government, or to national disintegration.

The problem boils down to this: The principles of integrating administration must be observed. When they are observed, a constructive organization of the relations of capital, labor, and government can be achieved. Then procedures can be worked out to make constructive joint use of their different powers. Then effective methods of analysis and education can be applied so as to bring about intelligent understanding and decision as to how the powers of government can be used effectively in meeting specific problems.

Present arrangements do not meet the requirements for a constructive use of the powers of government. This is true generally and particularly with respect to integration of the powers of capital, labor, and government. This is, however, more true of the superficial machinery of government than of our basic form of government.

Our basic ideas and provisions for government in the United States go a long way toward meeting the need for constructive use of the powers of government. Each of the major branches of the government—the legislative, executive, and judicial—is accorded a status of integrity and independence. The functions and powers of each are defined and limited. Congress, the Chief Executive, the Supreme Court, and the lesser basic agencies of government consequently all have a sound status.

We have thought of our system of government, of course, mainly in terms of limitation of power and as a system of checks and balances. Actually it is much more. Whether deliberately or otherwise, this functional division of authority and duties provides to a considerable extent for the application of the principles of integration. Actions by government are subject to examination from three points of view. Oversight or failure

to consider the public interest by one agency is subject to a corrective point of view by another. *So long as the integrity of each branch of government is respected*, we can be reasonably sure that laws or projects will be consistent with the general welfare and be accepted by the majority of the people.

Also, the Constitution offers a foundation of principles. It is the instrument by which the people control delegation of the powers of government to the agencies of government. Here the principle that compulsion must rest upon circumstances and not upon arbitrary authority is applied. We have thus met the elemental need for security in the dependence of men upon other men as few nations have. The principle that all men must have a status of self-respecting independence in their relationships is observed. The needs for understanding and effective participation are provided for to an unusual extent. Due provision was made for amending the Constitution so as to provide for orderly adjustment to changing conditions. Our form of government thus meets the requirements for constructive human relations—so far as its basic provisions go. Its soundness is attested by the success with which it has withstood repeated, if not continued, attacks.

We have not, however, revised the machinery and procedures of government so as to meet the strains and complications of modern technological society. We maintain, for instance, separate Departments of Commerce and Labor. Originally one, they were unsoundly separated to represent and to control to some extent the special interests for which they are named. There is no integration here. Beyond this, we have a wide variety of dis-integrated boards and commissions, set up, in the main, to administer specific laws or to carry on specific projects. Some of these have come to serve at one and the same time as prosecutor, judge, and jury. Some have been given wide but vague powers to improvise law as they go along. There is no integration here, only free opportunity to misuse the powers of government.

We have, to be sure, tried the device of so-called tripartite boards and commissions. These provide capital and labor with

direct representation. There is also the fiction of public representation, though the so-called public member is, and can only be, a representative of the political party in power. The relationships of the members of these tripartite boards are unsound. The representatives of capital and labor, who should properly be advocates, may be, and often are, put under compulsion either to vote against those whom they represent or to vote against a solution called for by the facts. They are often obliged to choose between doing their public duty and serving the special interests of those who employ them. Their status thus is hypocritical. The so-called public member also has an unsound status. He has the power of decision, since he can always vote with one side or the other, but the *responsibility* for decisions is charged to the majority of the board. The representatives of capital and labor can, of course, join and vote against the public member. This seldom happens. If the representatives of capital and labor happen to get together, then the "public" member only has to vote the same way. The result is a unanimous decision, which may or may not be in the public interest. But in any event, the so-called public member escapes responsibility. There is no sound provision here for a constructive use of governmental power. This ought to be apparent from the number of times these tripartite boards have broken up in futility.

Nor do we have any well-integrated body of law concerning the relations of capital, labor, and government. Aside from the general laws, our laws concerning industrial relations have for the most part been enacted in the heat of controversy and to meet specific and immediate issues. Some of these laws were enacted as a last resort, and some, as has been stressed, with a view to coercing either capital or labor. We have, indeed, fallen back upon what is referred to as "administrative law." This is often law in its worst sense. It has been improvised by various boards and commissions in order to deal with specific and often minor issues and disputes. Far from providing any sound basis for integrated relations between capital and labor, it more often results in confusion and a growing disposition to rebel against government. Such law has been justified on the grounds of the

complexity and changeability of the conditions of industrial relations. This is a nonsensical rationalization. It is only evidence that the problem of legal control of industrial relations has not been thought through nor approached comprehensively and fundamentally.

All this forces the conclusion that a fundamentally new approach is needed, and the kind of approach needed is clearly indicated by the principles of integrating administration. First, consider what these suggest as to organization of the agencies of government concerned with economic relations and welfare, in terms of agencies of the Federal government.

There should be what might be called a Department of Economic Welfare. This should be administered by a Secretary of Economic Welfare. This official and agency should have the responsibility for using the power of government to bring about integrated relationships between capital, labor, and government, and a constructive use of their powers. This should be his responsibility, both with respect to the administration of law and the other functions of his office—research, for instance. He should have a status and authority consistent with this responsibility. He should be empowered to decide what action should be recommended, either to Congress or the courts. With responsibility and authority so fixed, he would have both the duty and incentive to serve the general welfare. He would have great power, but if he did not discharge his duties intelligently and impartially, there would be no question about where to place the blame. The need for a man with great integrity would be made apparent, and public opinion would demand such a man.

The subordinate organization of the Department of Economic Welfare should be constructed in accordance with the line-staff principle. Assistant Secretaries should be responsible for the administration of specific laws, research projects, or bureaus of investigation and information. These would be the counterpart of subordinate line executives. The special (and long-run) interests of capital and labor should be placed in charge of appropriate Under Secretaries. These officials should have a status and perform a function comparable to "staff" executives.

CONSTRUCTIVE INDUSTRIAL RELATIONS

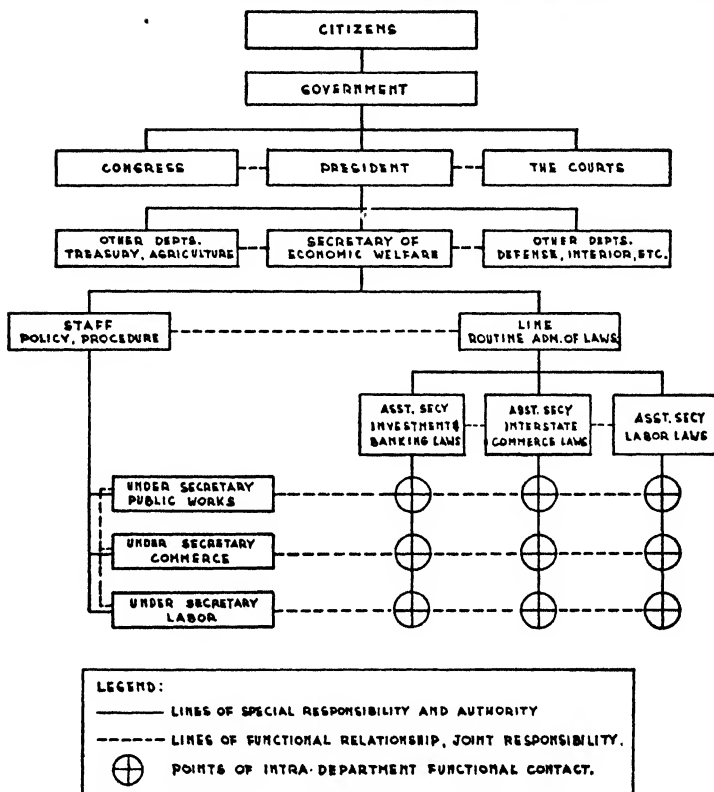


FIGURE 10. APPLICATION OF THE PRINCIPLE OF FUNCTIONAL INTEGRATION TO THE ORGANIZATION OF GOVERNMENTAL AGENCIES

Such a form of organization of the agency of government primarily concerned with industrial (or, more broadly, economic) relations is illustrated by the chart shown above. The chart, of course, is simplified, but it illustrates the application of the principle of integrating organization.¹

¹ A similar need has been recognized with reference to integration of the armed forces, all of which have now been placed under the administration of a Secretary of National Defense.

Where it should prove desirable to place administration of a particular law in the hands of a board or commission, the principles of integrating organization should be observed. All of the members of the board or commission should represent the government and, through it, the people. This should be their function and responsibility. But both function and responsibility should be limited to that of administration of the law. Prosecution and imposition of penalties, for instance, should be left to the agencies of law enforcement and the courts. Nor should the board or commission be allowed to decide questions of policy underlying the law. This function should be restricted to the policy-making agencies of government, the legislatures or the Congress. The independence of status and the functional responsibilities of the agencies of government would thus be preserved.

If it should be desirable to give direct representation on boards or commissions to capital, labor, or other groups, the status of their representatives should be either that of advocate or advisor. They should neither be allowed nor compelled to assume responsibility for decisions. There should be no hypocritical arrangement under which they would be expected to vote against the special interests they were supposed to represent.

This arrangement would encourage the application of the principle of integration. The government member would be clearly responsible for serving the public interest. His would be the power of decision, but his would also be the unequivocal responsibility for making a right decision. He could not hide behind a "majority of the board." Actually, too, the arrangement would tend to make the representatives of capital and labor act in terms of the whole situation. To get sound decisions, they would have to be more careful to be objective in their advocacy. True, they might attempt collusion with the government member, but it is unlikely that this would work, for the other advocate would be free to expose bad decisions by the government man. The governmental representative, too, would be free to

expose falsification in the representations of the advocates of capital and labor. All three, in short, would be subject to the compulsion of circumstances to do a decent job, if such compulsion were necessary. Similarly, all would have a reason to be objective and bilateral, especially if there were provision for appeal to the courts.

So much for reorganization of the agencies of government, as such. This alone would not be enough. Intelligent and constructive government can be assured only through an informed populace, having sound standards of value. Merely to reorganize the agency of government concerned with industrial relations would not assure this. Nor would it assure an integrating procedure of administration, especially with respect to long-run problems.

There is a wholly different aspect to this business of making constructive use of the power of government. This, so far, has escaped us. We have no wide-scale organization of relationships to meet the need for developing realistic understanding of the facts, issues, and values involved. The passing of the town meeting as a means of such understanding has been often remarked. We have not adequately replaced it. But since we have no wide-scale organization of the relations of capital, labor, and government, there is no effective means for developing a well-integrated body of law, nor a well-integrated procedure for administering the use of governmental power.

And as to integrating education! We are subjected, on the one hand, to propaganda disseminated by contending political parties, each with its own axe to grind. On the other hand, we are flooded with propaganda disseminated by contending organizations representing capital and labor. There is no impartial and objective presentation of facts and issues by such sources. Small wonder people have come to vote against something they *feel* is wrong or unsatisfactory! Small wonder there is so little intelligent discrimination concerning economic and political issues. Small wonder people "fall" for an enticing or coercing use of governmental power!

It was suggested in Chapter X (pages 127-128) that capital and labor should form an organization for a joint study and the development of an intelligent and long-run approach to the problems of industrial relations. Suppose this idea is carried one step further—to include representation of government.

Peculiarly, as has been mentioned, the need for wide-scale organization of the relations of capital, labor, and government has been recognized in international relations. The need for a long-range and integrating approach to the problems of industrial relations has been seen. These needs have been recognized in the establishment of the International Labor Organization, the functions of which have already been described. Do we not need a national counterpart of the I.L.O.?

Let us assume that an organization called the National Council on Industrial Relations is established. Its purpose would be to serve as a permanent research, advisory, and educational institution. Its organization would be headed by a Director and a Governing Body. There would be numerous subordinate councils for different industries, and joint conferences of all these councils. Capital, labor, and government would be equally represented on the Governing Body and in the councils. Here the tripartite scheme would be sound because of the nature of the functions of the Council. The representatives of capital, labor, and government would have a sound status because they would be wholly free to urge or oppose any actions recommended by the Council. An expert secretariat or technical staff would complete the formal organization.

Such an organization would, of course, be subject to the general laws of the land. It would, however, stand in a functional relation to government, capital, and labor. It would have no responsibility nor authority for final decision concerning any issue, nor any enforcing authority. Its sole powers would be to give multilateral and objective consideration to issues and to recommend action. It would not even need specific powers of investigation. The representatives of capital, labor, and government would have sufficient incentive to provide the

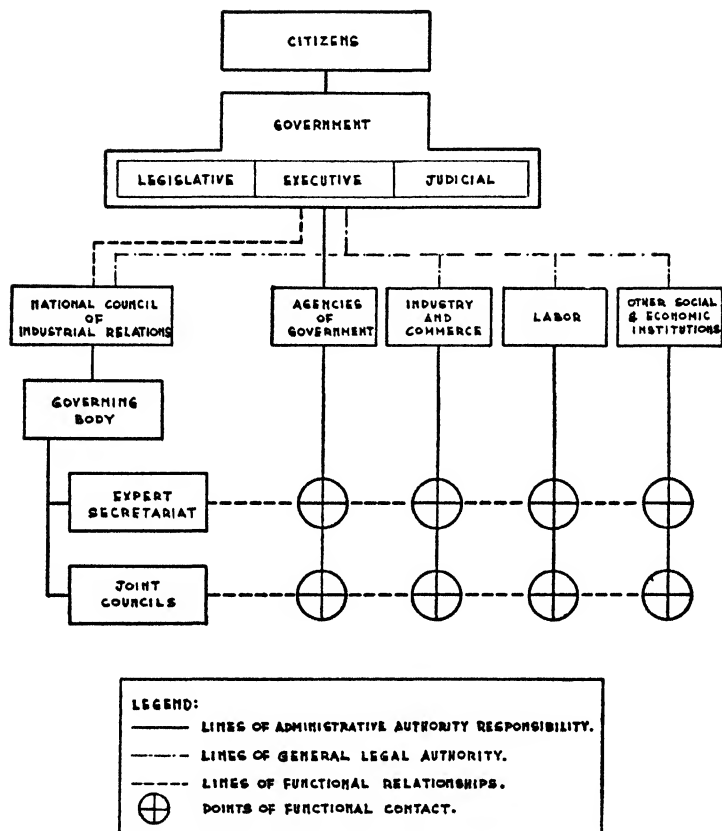


FIGURE 11. APPLICATION OF THE PRINCIPLE OF FUNCTIONAL INTEGRATION TO THE ORGANIZATION OF THE RELATIONS OF CAPITAL, LABOR, AND GOVERNMENT

technical staff with realistic data. The powers of the Council would derive from bringing capital, labor, and government into effective joint participation for the purpose of finding out how their respective needs could best be met. The power of the Council would rest on recognition of the principle that relations should be based upon intelligent integration of conflicts and interests. Its means of influence would be integrating procedure, analysis, and education.

How such an organization would fit into the scheme of things is shown by the chart on page 172. Notice that the Council occupies a position comparable to that of a staff department in a staff-line structure of organization. And this, indeed, would be its status and function in the general organization of the relations of capital, labor, and government.

Such an organization can be established. Such an organization can be an effective instrument in bringing about a constructive use of the powers of capital, labor, and, particularly, government. It would unquestionably offer an effective means for wide-scale application of the principles of integrating administration in managing the broader aspects of industrial relations. The success of such a Council on Industrial Relations would, admittedly, depend upon its support by industry, commerce, labor, and other elements of society. Its success, too, would depend upon the intelligence and integrity of its membership. But can anyone say that the same does not apply to any of the institutions of society?

Let us indicate briefly how such a Council could be expected to work, in terms of a theoretical handling of an actual problem. Suppose one of the subordinate councils raises the question of the relationship of social security insurance to private pension or welfare funds. The members of the subordinate council would refer the problem to the Governing Body, possibly with comments and tentative recommendations. Here, obviously, is a problem common throughout all industry and commerce. Here is a question, too, involving the use of both public and private powers.

The Governing Body could be expected to refer the question

to the technical staff for expert investigation and analysis. The Governing Body could also be expected to appoint a special council or committee, with representatives drawn from different industries, to investigate and consider the problem. Together, the experts and committee could proceed in an orderly way to determine the facts, interpret them, come to some conclusions concerning basic issues and principles, allow for the ramifications, and eventually, recommend policy and perhaps practice. The recommendations could then be submitted to the different subordinate councils, referred back to the groups represented, and later be brought up for consideration and action by the general conference. Then action could be recommended to capital, labor, and government, which would still have to exercise the power of decision to accept or reject.

This would be a slow procedure, perhaps. But that would be to its advantage. Time would be taken to give the problem consideration from all sides and apart from high pressure for immediate action. This would also give opportunity for the education essential to real understanding and good judgment. This is the treatment that the problem of public *versus* private security insurance deserves. It is unavoidably both a broad and long-range problem. One need only contrast this method of approach with the manner in which social security legislation was rushed through, under the demoralizing conditions of a depression, to draw a conclusion as to which has the better chance of assuring sound use of the powers of government.

What of the practicalities of such a procedure as the one suggested above? Would it produce better practical results? Would it not be subject to political manipulation? Would it not be too slow and cumbersome?

On these points the best evidence is given by the history of the International Labor Organization, for surely the procedures of a comparable national organization would be no more tedious, complicated, or subject to manipulation for other purposes. One need only examine the long list of treaties (or "conventions") which have been proposed by the I.L.O. and later adopted by various nations. Nation after nation has ratified

treaties calling for improvements in labor standards which had never been brought about where there was no comparable organization of the relations of capital, labor, and government. The proceedings of the I.L.O. *are* subject to political manipulations. Some nations have at times tried to use the I.L.O. for ulterior purposes, and the United States is among the guilty.¹ The fact that capital, labor, and government all have equality of status and effective participation offsets this. A check is put upon efforts by any one of the three parties to misuse the machinery of the organization. The procedures of the I.L.O. have been deliberate. It has sometimes taken several years to reach a point where the I.L.O. can recommend action concerning issues under consideration. Not infrequently, however, it has proved possible to reach the point of recommending action within a year. The operation of the I.L.O. has not proved either too slow or too cumbersome for its purposes. Remember that a comparable national organization would deal mainly with fundamental issues and broad and long-range problems. The very nature of these problems would support the view that better results would be obtained by a deliberate and comprehensive procedure.

How does it happen that while our basic form of government well provides for an application of the principle of integration, we have not followed this up with suitable machinery? Some real light may be thrown on this if we take into account the effects of our social conditioning. We have continued to be a prey to the philosophy of domination and subserviency and to

¹ In 1936 the Federal Administration then in office attempted to have the I.L.O. propose a treaty calling for a maximum work week of 40 hours in the textile industry. The idea behind this was almost incredible. It was that the Senate could be brought to ratify this treaty and then the Federal Government could impose a 40-hour week by law. By this means, the Federal Administration thought it could impose conditions which it had been prevented from doing when the Supreme Court held the National Recovery Act unconstitutional! The British chided the representatives of the Federal Administration in open conference for attempting so to misuse the machinery of the I.L.O. The effort, incidentally, failed, as it should have. This incident is recorded in the proceedings of the International Labor Conference of 1936.

the methods of a coercive morality. This has caused us, as a nation, to have a "split personality" concerning the use of the powers of government.

Our forefathers were intent upon protecting themselves from the use of governmental power as an instrument of domination and coercion. The main motivation, consequently, was to give the central government the least necessary power. Many large groups of our people have continued to accept this idea. Other large groups have, on the other hand, seen the power of government as something which could be used as a means of gaining power of domination and so serve their own interests. Some of us have switched from one point of view to the other as our particular interests changed or became involved. Capital, for instance, was not averse to using the powers of government to maintain labor in a status of servile obedience a few years ago. Then labor rebelled. But labor switched over to the other track lately and has been following the example of capital.

Some people, then, oppose any use of governmental power, because they fear it will be used as a means of coercion. Some people want to use governmental power because it *can* be a means of coercion. Here is a fundamental conflict arising from unsound social conditioning. It has kept us from making an intelligent and constructive use of the power of government. It has kept us from setting up the machinery to do so. We have, instead, fallen into futile disputes in terms of liberalism *versus* conservatism, of rugged individualism *versus* collectivism, of states rights *versus* Federal powers. It is time we stopped tilting with such windmills. It is time we faced the fact that government has special powers which can and will be used in one way or the other. It is time we faced the issue of making a constructive use of these powers of government.

It should not be necessary to emphasize that by failing to do so we have already gone some distance toward either a totalitarian form of government or national disintegration. The answer does not lie in changing our form of government. It does not lie in either dictatorial government or paternalistic socialism. Rather, we need to preserve our present form of govern-

ment. It is fundamentally sound. The problem of using the powers of government is a problem calling for hard-headed, intelligent, and integrating *administration*.

What is called for is an effective, sound use of the *powers of management*. These powers must be applied in three directions. First, they must be applied to bring about a unanimity of opinion between capital and labor concerning the use of governmental power. Secondly, they must be applied to educate the general public. This, incidentally, cannot be done by any superficial scheme to "sell management to the public." The principles of integrating education must be observed—in relations with educators, in courses for executives and employees, in public forums, and even in negotiations with labor unions. Thirdly, management must set the example. It must, by its own actions, support a constructive use of the powers of government.

This brings us to the final questions to be considered in this discussion: What are the special powers of management? How can these powers be used so as to further the ends of good industrial relations? What are the demands which are put upon managers and administrators?

■XIV

THE POWERS OF MANAGEMENT

IN the last analysis, the development of constructive industrial relations depends upon how management uses its powers.

Management's powers are unique. They do not derive from arbitrary authority. They do not derive from the fact that management may be employed and paid by capital. They do not even lie wholly in superior knowledge nor in the application of sound principles. Management's powers derive, as we shall see, from its function, its position, and its responsibility.

There are the abilities of capital, labor, and government; education and scientific knowledge; the emotional responses which give men an innate sense of what is right and sound, or wrong and unsound. All these offer sources of power of various kinds—physical, intellectual, emotional. On the other hand, there are the conditions under which men must live—physical, economic, social, political. There is the world of need, intention, action, and goals. There are the demands which must be met to assure men conditions of physiological and psychological adequacy. Especially, there are frustrating conditions which

must be progressively brought under control or to which acceptable adjustments must be made.

The various powers which have been mentioned must be applied in the practical world of needs, intentions, action, and goals. It is in the world of practical affairs where the conditions essential to physiological and psychological adequacy must be provided. Scientific knowledge, for instance, can at best be merely of interest or have only potential value in the laboratory. To become a real power it must be applied in the workshop. Scientific findings concerning human nature and human relations are useless until they are applied in economic, social, and political life.

Moreover, as was brought out in the opening chapter, the powers of capital, labor, government, education, and science are different kinds of power and each serves a different purpose. Each of these powers is a *functional* power. Each must be applied in practical affairs in a way consistent with its functional character and purpose. But the use of all of these powers must be properly related. They must be integrated if they are to be used effectively and constructively, as has perhaps been overemphasized. But it is extremely important to recognize that, even so, each power can properly be used only for the purpose it is designed to serve. A principle of functional integrity applies to the use of these powers. Capital, for instance, can be used soundly to provide the facilities of production, transportation, and communication.

This means that the application of these powers must be *managed*, and soundly managed. The connecting link is administration, or management. No latent power or knowledge can be used unless we somehow manage to use it. We can leave this to uncontrolled evolution if we choose. But this is not intelligent. It leaves the necessary process of development, direction, and control to blind chance. It leaves the function of management—and this function must be performed by someone—to chance. It may fall into the hands or upon the shoulders of the competent or incompetent. But above all, evolution makes no provision for the need of integration. Each special power is

left to be used or misused, to be applied or to lie dormant. There is no provision for integrating organization, for integrating procedure, for integrating analysis and education. These, as we have seen, demand intelligent understanding and the application of basic principles in complicated, dynamic, and ever-changing circumstances. There must be administration, but it must be an intelligently managed instrument. It must serve, and can soundly serve, only as an integrating force. Administration is the agency which must integrate the world of thought and emotion with the world of need, action, and goals. It is the only instrument which can do this.

History shows only too well what happens when there is a lack of integrating administration. From the time of Adam, men have been unable to cope with frustrating conditions. Their frustration, plus their incompetency, has perverted their intellectual and emotional power into a will to dominate others. This, as we have seen, has resulted in the age-old social conditioning of a coercive morality. It has led men into the repeated absurdity of unreasoning aggression and destructive conflict. It has caused a futile, repetitive pattern of creation and destruction, changing only in its superficial nature. Master *versus* slave. Capital *versus* labor. Collectivism *versus* individualism. One ever rising to destroy the other. Throughout, the only ameliorating force and source of any progress has been rare, intelligent management, backed by men's innate sense of right and wrong.

This is the place and purpose of administration in the scheme of things. This is the root source of management's powers.

The first of these is the power of its *function*. Someone *must* perform the functions of development, direction, and control. Someone must put power to effective work in the world of need and action. He who can do so has great and special power. The wider the scope, the more this functional power increases. We can see this quite simply. The unskilled laborer must manage the use and application of his own physical strength. He must go through a period of development or training in doing simple tasks. He must direct his efforts. He must control his actions. Thus he must be an administrator in a small way. But

he does not have much power of management. In contrast, the man who must organize and direct a large enterprise employing many men requires great functional power. He has power, however, only to the extent of his abilities. The power is inherent in the situation. It is not obtained merely by putting a man in charge. This power of function cannot be brought to bear merely by giving such a man authority. The power of function is not power unless it can be used. The man who can use it must have the ability to do so. But this in no way detracts from the greatness of this functional power. The power of capital, or any other power, can only be used by those who are competent to use it. Others can only misuse it.

The second power of management is the power of *position*. The manager or the administrator is the focal point of all the various elements and interests of a situation. In industry and commerce he stands between capital and labor. In education he stands between faculty and students. In government he stands between the people of his nation and the governments of other nations. He stands between the scientist in the laboratory and the engineer, between society and the shop. In a philosophical sense, the administrator stands between the world of thought and the world of action.

This gives the administrator a unique power of position. Solely because of his status, he is better able than anyone else to see a problem comprehensively and fundamentally. He is in a better position to see the interrelation of the parts of a situation and its varying needs. He is in a position to see how a solution may be worked out. But he does not gain this power merely by being named President or General Manager, or by being given authority. His power of position is naught, unless he realizes its nature and how it must be used. He himself must see that by virtue of his status he is in a position to view and treat a matter comprehensively, fundamentally, and constructively. He can use the power of position to make administration an integrating force, only if he sees this as his true function. For him to neglect or abuse his power of function is only to destroy his power of position and vice versa.

The third power of management is the power of its *peculiar responsibility*. Someone must take the responsibility for administration. Someone must decide what needs to be done to make an integrating use of all the other powers and how to carry on the process of development, direction, and control. He who assumes this responsibility and is competent to discharge it has great power. By his responsible decisions he can get people to give the support of their innate sense of right and wrong, of what is sound and unsound. So he can turn the elemental driving power of human nature to good purpose. By his responsible decision he can tie together positive emotional impulse and understanding. This means that he must assume the responsibility for making integrating decisions. Any other are irresponsible decisions and sooner or later mean only a loss of power. Here, clearly, reliance upon arbitrary authority or methods of coercion is worse than futile.

But if managers and administrators learn to make use of these peculiar powers of management, is there not danger of a managerial dictatorship? The answer to this question must be an unequivocal, "No!" The powers of management are subject to resistance and rebellion, perhaps more than any others. Whatever action management takes has effects. The closer management is to those affected, the sooner it can expect to meet resistance. The farther away, the longer it will take. A plant manager, for instance, will find his actions almost immediately subject to approval or disapproval, to acceptance or opposition. The president of a large corporation will find his decisions slower of both acceptance or rejection. The actions of the head of a nation may not find acceptance or rejection for a generation. But if the administrator's use of power is unwise, it will eventually become subject to counteraction. This is a certainty, because his use of power must either meet or fail to meet the needs of men for conditions of adequacy.

A managerial dictatorship is an impossibility, however, for a more fundamental reason. The peculiar powers of management are powers of administration, not powers of something else. The man who would use his managerial position to become

a master cannot rightly use the *real* powers of his position. He can only misuse them. Think back to the president who tried to impose a fallacious scheme of worker representation. He did not use the powers of his position to see the problem of employee representation comprehensively and fundamentally. Had he done so, he would have been forced to see that he was indulging only in self-frustration, that he could not really use a scheme of worker representation as a means of maintaining arbitrary personal authority in the face of a threat of labor unionism. All he really used was the unsound method of coercion. This is no real power of management. Yet this is the sort of power that management would have to use were it to attempt to create a managerial dictatorship. As with any similar effort, this would result in its opposite—an attempt to establish a dictatorship of labor. We have, as a matter of fact, seen this sort of thing happen in industrial relations.

The position which gives management an opportunity to see all sides of a problem does provide an opportunity to emphasize some features of the situation and play down others. Its function does give management a chance to advocate means of solution, designed to serve its special interests at the expense of others. Its responsibility for decisions can be abused. Management can spuriously assert that certain action must be taken even if it is not consistent with the facts. But then management *must* ignore some of the realities of the situation. And then it cannot use the powers of management fully or constructively. It must then use some other power, such as the power of fear, or it must misuse such a power as that of capital. It must fall back on deception, enticement, coercion.

Just this has been the trouble. Managers and administrators have not seen administration for what it really is, an instrument of integrating use of power. They have not seen and used the real and peculiar powers of administration. Instead, they have misused the functional power of capital. The proper function of this power is to provide the facilities of production. But ownership or control of capital has misused it as an instrument of enticement, coercion, compulsion. Capital has at times been

withheld, for instance, to bring labor to its knees. Or capital has been seized by the state, and state ownership of capital has been used to keep the citizens subservient. This is the significance of state ownership of capital in Russia. But the functional power of labor has been similarly misused. It has been both withheld and applied, as a means of coercing capital and government.

This is the difference between a *political* use of power and a truly *administrative* use of power. The purpose of politics has been to gain power of domination for the adherents of a particular party or ideology. So politics has seized upon any sort of power and bent it to its special purpose, regardless of the true functional nature of the power seized. This, of course, is a self-frustrating use of power.¹ This is clearly apparent in the political *misuse* of power by both Communists and Fascists, and, it must be admitted, by capitalist states. We can see Communist Russia giving a demonstration of this. It has tried to make collectivist misuse of both the power of capital and of labor to bring about a world revolution and so impose its communistic philosophy upon other nations. But already the opposite result is beginning to appear. An anti-communist bloc of Western European nations already is forming, and the logical outcome should eventually be a United States of Europe, embracing a philosophy of government antagonistic to the ideology of communism.

The same thing has happened, of course, in the special field of industrial relations. Where the power of capital has been misused with the purpose of keeping labor dependent, docile, and subservient, the opposite result has come. Labor, instead, has rebelled and combined to use its special power as a counteracting power of compulsion. So in this and every other sphere, political misuse of functional powers has led only from one sort of destructive conflict to another.

There has been progress only where there has been some-

¹ John Macmurray, *The Clue to History*, Student Christian Press, London, 1938.

thing approaching a truly integrating, administrative use of power. There has been progress only where there has been something approaching realization of the real nature of administration, of its true purpose and its powers. This has been so in the special field of industrial relations and in the broader spheres of economic, social, and political life.

This brings us back inexorably to the need for a science of administration. The principles of such a science have tentatively been indicated. Now there is need to consider what *kind* of science of administration is needed. Here we must distinguish between what we shall term true science and mere technical science, or between fundamental and superficial science.

Any science at its lowest level may be a matter of applying routine, tested formulae. It may be a matter of conducting scientific research merely as an end in itself, if this is really possible. At these levels science is merely technical or superficial. But all science, if it is true and fundamental, must be creative science. No science in its highest form can be conducted without motivation derived from necessities to meet realities. There must be a positive relation between scientific research, need, action, and accomplishment. This is true even if the results must be applied by administration. Such science needs to be objective and systematic. But it also demands reflection and imagination. There must be, and ever is, a philosophy beneath creative science. And beyond this, there must be integrity. Creative science must have as its purpose service to mankind. All these have been the characteristics of the great creative scientists. They have combined the qualities of pragmatic and reflective thought. And they have been men of scientific integrity. They have seen that integrity is a scientific requirement, not merely a moral one. They have seen that one cannot be both intelligent and dishonest. The two conditions are mutually exclusive.

The science of administration must meet the requirements of creative science. Integration of the functional powers of capital, labor, government, and of intellect and emotion cannot be other

than a highly technical matter. So the science of administration must be objective, systematic, and fundamental. The problems of administration are dynamic. The basic purpose of administration, of making creative use of power, must be carried out under continually changing conditions. So the science of administration must be reflective and imaginative. The methods, principles, and powers of administration cannot be abused. If an attempt is made to misuse them, the purpose of administration is destined to meet defeat. So there must be scientific, or shall we say, administrative, integrity. This is particularly needful, too, because administration can work out its purpose only through human beings.

If the view taken here of the nature, function, and purpose of administration is sound, then we can see what other powers must be used by management. The first of these is intellectual maturity. Managers and administrators have power to the extent that they can govern their actions by intelligent understanding and form judgments based on reason. They have power to the extent that they can make well-reasoned decisions. Then they can employ the administrative powers of function, position, and responsibility. But they can do so only to the extent that action can be governed by reason. And as we have seen, this is only to the extent that there is also emotional reassurance.

So the manager or administrator requires the power of *emotional* stability and maturity. Many an intellectually brilliant man has failed as an administrator because he has been emotionally unstable or immature. The administrator cannot expect to give others emotional reassurance unless he is emotionally secure himself. If he is emotionally unstable, others may respect his mind and his intentions. They will not, however, trust his ability to observe his principles and to carry out his intentions. They will sense that his own inability to meet frustrations will cause him to "take the bit in his teeth." They will fear that he will fall back on methods of compulsion. So the administrator must have the emotional maturity which will offer convincing proof that he can be depended on. He can use the special

powers of management only if he gives others the secure feeling that these powers will be soundly used.

Finally, the manager or administrator must have both personal and administrative *integrity*. As we have seen, this is a scientific requirement, not merely a moral one. In the first place, he cannot use the principles of integrating administration and be dishonest. Science does not lend itself to dishonesty. True intelligence and dishonesty are incompatible. If an administrator chooses to be dishonest, he simply cannot employ sound methods of administration nor use its real powers. He must make destructive political use of some other power. He cannot do otherwise, for he cannot help but demonstrate his lack of integrity. Thus all that he says or does is suspect.

He cannot get either subservient acceptance of his wishes nor effective cooperation, either on the part of executives or employees. He can only get a superficial imitation of these things. And sooner or later he will get rebellion and unreasoning aggressiveness. The administrator who lacks integrity gets short-run results that jibe with what he thinks are his desires. The possibility of doing so is in many cases an irresistible temptation. But the sins of the administrative fathers are visited upon the heads of administrative sons, even unto the fourth generation. One need only trace the history of industrial relations for four generations for proof of this. The present-day destructive conflicts between capital and labor are largely rooted in management's lack of integrity in the past. The problems of industrial relations have a past as well as a present. Human beings remember past mistreatment and pass words of warning on to their sons.

The true administrator must, then, meet extremely exacting requirements. He needs the qualifications of a creative scientist, but he must use these in the dynamic conditions of economic life. Administration cannot be conducted in a laboratory. But given such qualities, in whatever degree, the administrator can exercise a great and constructive use of power. And he alone can do so, for such a use of power requires integrating administrative development, direction, and control.

The development of constructive industrial relations can be brought about only by administrators. The constructive integration of the powers of capital, labor, and government can be brought about only by administrators. Intelligent, creative administration is the only means by which men's dependency upon other men can be made secure. And this is the basis of all other freedoms and the means of securing peace in the world.

The managers of industry and commerce are the principal in this situation. True, the problem is not theirs alone. It is also the problem of administrators in education, labor organizations, religion, and government. And yet no group of administrators is in so strategic a position as are those charged with the management of industry and commerce. They, more than any others, can grasp and use the powers of administration if they will. The question is, do they have the intellectual maturity, the emotional maturity, and the integrity which is demanded?

■XV

THE PROBLEM OF UNIONISM

IT has not been the purpose of this book to discuss the solution of specific or immediate problems of industrial relations. It would be unrealistic, however, not to concede that some of these present formidable obstacles to a professional approach to the administration of industrial relations. It seems essential in conclusion to analyze briefly the implications of what appear to be the most important immediate problems.

The generally unsettled and tense economic, social, and political conditions existing throughout the world offer many obstacles to the achievement of well integrated relations between capital, labor, and government. These conditions are so demoralizing that they influence people to clutch at anything which seems to offer certainty and security in an uncertain and insecure world. In many parts of the world the immediate and pressing problem is to somehow keep alive. All of these circumstances make it unusually difficult for people to use discriminating judgment or to look objectively at a rational, professional approach to economic, social, or political relations—which requires both hard-headed reasoning,

painful re-education, and assumption of responsibility in the face of immediate threats of disaster.

In this situation, efforts by management to create a better integration of the interests of capital, labor, and government can be expected to meet with political resistance. Political groups and leaders who advocate communistic or socialistic doctrines depend upon labor discontent and economic conflict. It is to their advantage to have people insecure and distrustful of employers since this gives plausibility to their claims that salvation lies in overthrowing capitalism or, more moderately, in governmental control and government sponsored welfare programs. They must have people demoralized enough so that they will not realize that government ownership of the facilities of production, transportation, and communication means that they will be operated by political appointees. They must not allow people to realize that such political administration can result in both economic and political exploitation of labor—as, of course, is true today in Russia. We must realize that our present conditions of insecurity in the relations of capital and labor give the proponents of communism and socialism an opportunity they will not want to relinquish. They can, therefore, be expected to disparage and if possible discredit efforts by management to make a professional approach to the administration of industrial relations. This is and will continue to be a serious obstacle.

It is rather futile in this situation to talk and act as if capitalism and free enterprise have no weaknesses. True, private ownership of property is really a very basic *human* need and right. True, private enterprise has produced an unprecedented degree of human welfare and offers more in the way of self-fulfillment than systems where the citizen is socially and economically the subservient dependent of the state. We must face the fact, however, that capitalism, with private ownership of property and opportunity for individual initiative, is subject to exploitation and abuse. It has been possible for powerful men and interests to misuse the capitalistic system and reduce people to a state of economic servitude. A

corporation may be basically a means or instrument by which men may share ownership of property and work together more effectively by pooling funds and limiting risks. But we have many instances in our economic history to show that a corporation can be misused as an instrument of crass exploitation. To praise the free enterprise system without admitting need to govern it so as to prevent abuse of it is only to play into the hands of those advocating communism or socialism. We may find a tendency blindly to uphold free enterprise a liability when it comes to undertaking a realistic approach to industrial relations. We cannot expect labor to accept an honest approach here unless we are also ready honestly to face up to the weaknesses of capitalism and admit need to overcome them.

A more specific obstacle arises from the *kind* of labor unionism we have today. Technically, this is a political-revolutionary form of unionism rather than a strictly economic brand. The organized labor movement has, in other words, become almost entirely a political movement relying upon a combination of economic and political power to gain its ends. In both areas its methods are those of power politics. And such unionism thrives on conditions of destructive conflict between capital, labor, and government. We see evidence of this in the extent to which our prominent labor leaders preach the doctrine that employers are both the natural and avowed enemies of labor. We see evidence of this in the efforts of unionism to gain political power which will enable it to dominate both capital and government. We see evidence of the political character of present day unionism in the extent to which it lends itself to exploitation politicians who would gain dictatorial power over both capital and labor.

This form of unionism is, of course, inherently opposed to any efforts to create conditions of confidence and cooperation among capital, labor, and government. It is opposed to efforts even to create any equality of rights and privileges of capital and labor, as has been evidenced recently by union attacks upon the Taft-Hartley Act. We cannot expect such a form of

unionism to about face and support efforts to create constructive industrial relations. For the development of constructive industrial relations would be the death warrant of political-revolutionary unionism. We can, consequently, expect proponents of the kind of unionism we have today only to disparage and obstruct attempts to make a professional approach to the administration of industrial relations.

In this situation the extent to which employees have given support to this political-revolutionary form of unionism is a key factor. There is reason, however, to question whether this support is really due to an intellectual and emotional acceptance of the philosophy and ideology of political-revolutionary unionism. The extent of such acceptance may be more apparent than real. It may be, as many labor leaders privately fear, that employee support really depends upon the ability of the unions to get them higher rates of pay and welfare funds rather than belief in the doctrines of political unionism. Their support also may be due mostly to the fact that, bedeviled by distrust of employers and managers, they have had nothing else to turn to. And it should also be kept in mind that the majority of employed people remain unorganized. Yet we should not underestimate the consequences of the development of a powerful political-revolutionary form of unionism. It is a formidable obstacle in the way of any development of constructive industrial relations.

Here management must face the fact that it has gotten the kind of unionism it has asked for. The kind of unions we have in coal mining and shipping are the products of incredibly stupid exploitation of labor and bad management of employment relations in these industries. And so it is, in more or less degree, of the labor unionism in our other industries. We must also face the fact that labor unions have directly and indirectly brought about reforms and improvements in working conditions and in protection of labor's needs and interests which should have been initiated and carried through by management working in cooperation with labor.

These may be unpalatable facts. But if one traces the his-

tory of labor unionism back to the fundamental factors of its inception, it will be found that the rise of unionism was due to the failure to recognize and provide for the needs of labor and because of bad management of industrial relations. These facts, however, suggest that, conversely, intelligent and considerate management of industrial relations can be expected to produce constructive forms of labor organization and representation. They suggest that we can develop forms of labor representation which will both support and thrive upon conditions of confidence and cooperation between capital, labor, and government. The obstacle of political-revolutionary unionism can be removed. For management can, if it will, offer a better means of employee participation and representation. And when employees understand and *feel* that their needs and interests will thereby be served more effectively, they can be counted upon to accept such means. They can be counted upon to reject forms of labor organization which thrive only on conditions of destructive class conflict. There are, in fact, many men in key positions within the organized labor movement itself who would lend aid and support. The justification for such conclusions should be apparent from the discussion of fundamental conditions and principles in the preceding chapters of this book.

It is, therefore, unrealistic to accept the view that "unions are here to stay and so we must somehow learn to live with them" and carry on the cold war of current union-management relations. It is equally unrealistic to take the view that industrial organizations and labor organizations are inherently antagonistic in character. This may be true of them in their present forms. But both are what we make them by good or bad management or by embracing a valid or invalid philosophy of human relations. It is entirely conceivable that unionism as we know it today will become as obsolete as the medieval guilds. The way to overcome the obstacle of political-revolutionary unionism is to eliminate the conditions which have created it and on which it thrives. The way to remove this obstacle is to provide a better kind of labor

organization, a better means of employee representation, and better methods of jointly working out the problems of economic conditions and relations.

The principles on which to base a practical approach to this problem have been described in the preceding chapters. Practically, these must be applied in three ways. First, there should be a reorientation of officials, executives, and foremen with respect to the needs for and functions of employee organization and representation. We cannot expect to produce constructive employee representation until management itself is convinced of its desirability and fully understands the underlying principles of human relations. Secondly, we must provide employees with both the understanding and assurance that they need not depend upon power politics but can, through organization and representation of the right kind, work jointly with management to solve mutual problems. Thirdly, we must demonstrate this in actions—starting with the conduct of “collective bargaining” negotiations; with the formation or operation of joint labor-management committees; with the conduct of grievance proceedings and with management of relations between individual executives and employees. We must see to it in all such circumstances that we carry out effectively a process of integrating re-education with respect to the organization and methods of employee representation.

This will require time, patience, determination, and resourcefulness. Management must make it plain that it is not engaging in a campaign to destroy unions. It must make it plain that it will welcome support of organized labor and of existing unions or federations of unions. But management must also make it plain that it will vigorously fight through the issue of constructive worker representation versus political revolutionary unionism. Management must also be prepared to have its sincerity put to severe tests—both by fanatical proponents of political-revolutionary unionism and honestly distrustful employees and labor leaders.

For instance, in one case where a management was conscientiously trying to improve relations with a union, the

union called a strike on obviously trumped up issues. On the surface this seemed an irresponsible attempt to discredit management. Actually, in the subconscious thinking of the employees and the leaders of the local union, this was the ultimate test of the reasonableness and good faith of *both* management *and* the officers of the international union with which the local was affiliated. If management proved reasonable and considerate in its responses to this show of labor's independence, then it could be trusted. If the gentlemen representing the international union proved dependable with respect to supporting the local union and intelligent in working out a settlement of the strike with management, then they could be trusted. But the only way to find this out, the employees sensed, was to subject *both* to the pressures and tensions of a strike. From the point of view of the employees, and with considerable logic, here was a way of getting convincing evidence of the extent to which they could trust and depend upon organized relations and representation in working with management. In fact, it was a very real way to find out whether they could work with management on a basis of self-respecting independence. In this case, the employees got a positive answer with respect to their relations with management. The leaders of the international union, who had been preaching the gospel of political-revolutionary unionism, soon found that it did not pay off in their relations with this local union. As a matter of fact they left the local alone for over a year and then became unusually conservative in their relations both with it and the management.¹

If experience is any criterion, the management which tries intelligently and wholeheartedly to bring about constructive employee organization and representation can expect to get a favorable employee response. It can also expect the employees to put pressure upon their representatives to cooperate. Such a management can, furthermore, expect to get a measure of support from at least some labor leaders. And as

¹ The author can offer the testimony of personal experience in this case in support of these facts.

management demonstrates its intelligence and sincerity it can expect to find that labor leaders who preach the doctrine of class conflict will be less and less able to gain employee acceptance of this doctrine. Employees who are assured a secure status and realistic understanding are no more readily exploited by unscrupulous politicians or labor agitators than by unscrupulous employers. This has been demonstrated in a good many cases. There is more reason than wishful thinking for concluding that management will get the kind of unionism or employee representation it earns and deserves.

In the last analysis, it makes little difference whether employee organizations are called unions or works councils or whether they are independently organized or sponsored by management. Nor does the organization of labor into industry-wide or national federations really make any critical difference. In either case, the really significant question is this: Is the local or national organization the kind which supports conditions of confidence and cooperation between capital, labor, and government, and is it encouraged and given a chance to do so. The real necessity is to see clearly the respective *functions* of industrial and labor organizations and to see that the principle of integration is observed in the structure and administration of their relationships. If we work in such terms it is not too much to expect that we can remove the causes and the consequent obstacle of unionism which thrives on conditions of destructive conflict.

There are two other significant, immediate obstacles which should be mentioned before ending this discussion. One is that management is conditioned to resist undertaking a professional approach to industrial relations. This, also, may be more true of higher levels of management than the lower or middle levels. On this score, a noted management consultant recently said to the Connecticut Personnel Association that personnel managers must give much more attention and effort to fighting through programs with presidents and treasurers than they have in the past. He pointed out that such officials are, on the one hand, removed from day to day relations

with labor and, on the other, are hardened toward proposals which involve additional expenditures whether for improvements of employment conditions or other projects. The president or treasurer, as this consultant pointed out, cannot be expected to approve new undertakings or spend money in new ways unless given very convincing evidence and persistent argument. This is, of course, to be expected. Many company officials may, in consequence of such habits, be slow to see the need for or to authorize developments needed to implement real improvements in industrial relations policies and practices.

More fundamentally, many employees and managers will continue to be subject to a persistent underlying desire to find some means of bringing labor to be docile, obedient, and subservient. The pressure of operating a business so as to earn profits will continue to tempt many managements to do what seems likely to make money in the short run and to leave the long run consequences of bad management of labor relations to take care of themselves. Here there will be a temptation to regard temporarily quieting compromises as preferable to facing up to basic issues. Some executives may continue to adopt a "top dog" attitude. Others will be inclined to do nothing and hope, if a depression comes, that employees and unions will then be more amenable to reason. All such factors may combine to create considerable inertia with respect to undertaking a fundamentally new and long range approach to the administration of industrial relations.

There is also the immediate problem of developing executives at all levels who are capable of professional administration of industrial relations. This is a problem which can be solved if management can bring itself to undertake a professional approach with real conviction of its desirability. Yet the solution of this problem will take time, for education is a slow process. We cannot do as the president of a large automobile company reportedly did—call his executives together and say "In the next six weeks you are going to learn human relations, or else." It will be necessary to give general managers, pro-

duction managers, foremen, and even personnel men really effective courses in both human relations and administration. We shall have to develop the right kind of courses because most so called "executive training" today is either devoted mainly to techniques or else is superficial. And we shall have to recognize that there is a difference between executive education and executive *development*. We are faced with questions of providing executives with the right kind of status, of bringing them emotional assurance that if they attempt to better relations with employees their efforts will get real support. The recent springing up of foremen's unions is an indication of the extent to which the emotional relationships between the lower and higher levels of management are out of kilter and in need of repair. This repair job must be done before we can hope to have foremen do a really good job of labor relations management.

There is, fortunately, considerable evidence that management is already beginning to undertake a more fundamental approach to industrial relations. An increasing number of managements, even though they are still the exception to the rule, are both giving financial support to, and are participating in, organizations which have been established for research in industrial relations. Labor-management centers at various universities are attracting at least some managers to their seminars and courses.

In Boston recently two groups of presidents, treasurers, general managers, and production managers attended a series of seminars devoted to lectures and discussions of the fundamental attributes and processes of human nature and their administrative implications. These men gave up golf and fishing for eight Saturday mornings to attend these seminars, which were conducted by Professor F. A. Magoun. There were three things about these discussions which were significant. The men participating were top flight executives from prominent industrial, banking, and merchandising organizations. They did not send subordinate executives but came themselves. They did not discuss specific problems or imme-

diate issues but devoted themselves to fundamentals. And where they planned to spend only Saturday mornings most of the men stayed for the afternoons too.

To indicate more clearly the subject matter discussed by these groups of executives the following seminar topics are typical: The forces behind individual behavior; emotions and the tricks by which they rule; the prerequisites for genuine cooperation; frustration, aggression, and strikes. The discussions thus got down to elemental psychological and psychiatric concepts which are the grass roots of administrative policy in industrial relations. And it is significant that subsequently several of these executives organized discussions of such subject matter for their superintendents. Some of them also followed up by a reorganization of the status and relationships of their executives and undertook a revision of their industrial relations policies and practices.

There is thus evidence to show that management can overcome its long conditioning against adopting a professional approach to industrial relations. There is also evidence to show that most managements can do what the exceptional management is already doing. But this depends upon recognition of both the necessity and the desirability of developing constructive industrial relations, as well as an understanding of the means.

Another immediate obstacle is the widely held belief that teamwork and good human relations can be produced by control and use of a system of rewards and punishments. The idea is that if you can give people what they want or withhold from them what they want, they will have both positive and negative incentives to "play ball." It is true, of course, that this is a means of influencing the behavior of people because human beings seek what is pleasurable and try to avoid what is painful. The idea that control of a system of rewards and punishments is a means of attaining teamwork thus has an insidious plausibility.

Actually the idea is wholly false. It is part and parcel of the philosophy and methods of domination and subserviency. Re-

liance upon ability to give or withhold what people need and want involves adding the enticement or coercion of authority to the compulsion of circumstances. This often gets, temporarily, a semblance of cooperation in the form of docile obedience. But it is always an open road to the process of frustration, rebellion, aggression, and destructive conflict. We have tried the idea of governing or managing by the imposition of systems of rewards and punishments for generations—but none have ever produced genuine cooperation or constructive relationships.

Let us suggest a different point of view. We should not minimize the importance of rewards and punishments. There is the possibility of reward or punishment in all human circumstances and relationships. In industrial relations, for example, there is always the desirable possibility of greater profits or dividends or higher wages. There is, also, always the possibility of punishing losses, wage cuts, or unemployment. And all concerned will react to such possibilities in terms of their needs and wants or conflicts of needs, and wants. But we should see what the problem really is. This is to enable each one to contend with circumstances so successfully that all will be assured the greatest possible rewards and all will be protected so far as possible against punishments. We should consequently regard rewards and punishments as a *result* of cooperation or non-cooperation. They are a consequence of good or bad teamwork and management as the case may be. To attempt to use a system of rewards and punishments as a *means* of attaining teamwork is only to make a political use of power rather than a constructive administrative use of power.

This has, actually, been the view taken in this book. The principles of cooperation or teamwork described in preceding chapters are seen as prerequisites to gaining the greatest possible rewards for all concerned and for protecting all concerned from punishments, so far as is possible. The sources of teamwork are seen as mutual confidence, understanding, and respect, plus integrating administration of circumstances and

relationships. Now, if some individuals or groups jeopardize the interests of the rest, it does *not* follow that the culprits should be induced to do better by offering rewards in terms of special satisfaction of their special interests. Nor does it follow that they should be induced to do better by withholding from them satisfaction of their special wants. It is argued that there are three ways to contend with obstructionists or ne'er-do-wells. One is to bring them, if possible, to see how they can serve their needs and wants by genuine cooperation. The other is to correct underlying conditions which may be causing them to be antagonistic. The third is, if unavoidable, to use authority or force to restrain them from anti-social behavior in their own interests as well as in the interests of the group, and with understanding by others in the situation of the reasons for such restraint. The emphasis here is *not* to use authority to entice or coerce by offering or withholding rewards but to bring those who for some reason are antagonistic to recognize *why* teamwork is preferable. For unless this is understood and felt, any "cooperation" in hope of reward or fear of punishment will be only an imitation of the real thing.

The idea that teamwork can be gotten by use of a system of rewards and punishments is so insidious and prevalent that it constitutes a real obstacle to the achievement of genuine cooperation. It particularly appeals to people with a "top dog" complex. Many people, including managers, will be loath to relinquish the idea and go through the painful process of re-education required to supplant it with understanding of the prerequisites of constructive relations and free cooperation.

Finally, we are confronted by the fact that the essentials of a professional approach to industrial relations are as yet not perfected and lack scientific validation. Such ideas and principles as this book suggests must be regarded as tentative. This is so even when there is considerable evidence that they are valid. There is at present and will continue to be much conflict in expert opinion and advice. For instance there are psychologists and specialists in labor problems who will con-

tend that ability to reward or punish is an essential means of developing teamwork. There may be more fellows like the industrial relations executive, who has some reputation as an expert, who recently said, "We already know everything we need to know about administration," to quote his exact words. So the problem of developing, perfecting, and validating our understanding, our principles, and our methods will continue bothersome. In overcoming this obstacle there will be need for very discriminating judgment and penetrating insight. There will be need of courage to experiment, test, and revise.

Let us assume that management has the necessary intellectual and emotional maturity and integrity. Given these qualifications, is it not safe to assume that management has the brains, resourcefulness, and determination required to develop and apply the principles of professional administration of industrial relations? Management has proven able to solve almost if not **just** as difficult problems in other areas of administration.

INDEX

- Action, independence of, 72
- Adequacy
 - physiological, 10, 20, 22, 59, 178, 179
 - psychological, 10, 18, 20, 23, 38, 43, 44, 59, 104, 138, 178, 179
- Administration, 1, 2, 3, 7, 10, 13, 18, 19, 24, 32, 47, 76, 82, 84, 87-94, 99, 110, 120, 123, 129, 134, 144, 159, 161-164, 167, 169, 170, 173, 179-187
- analysis of problems of, 129-144
- areas of, 78
- definitions of, 75, 76, 180, 183, 187
- factors of social conditioning and, 33-49
- functions, purpose of, 3, 6, 65, 79, 83, 185, 186
- human aspects of, 3, 7-33
- limitation in, 78-90
- methods of, 2, 129-144, 145-158
- organization of, 91-103
- philosophy of, 180, 181
- powers of, 178-188
- principles of, 4, 5, 76, 180-186
- procedure
 - principles of, 115-116
 - process of, 83, 115-128
 - science, profession of, 1, 3-5, 91, 185, 186
 - status systems and, 42, 64-73, 91-93, 99, 102, 109, 127
 - structure of, 78-90
- Affection, 11, 16
- Agencies, of government, 161
- Aggression, 17, 38, 43
- See also* Frustration
- Aggressor, 37, 160
- Alternatives, necessity to choose between, 59
- Ambivalence, 12, 24, 66
- America, 44
- Analysis
 - historical-psychological method of, 129-144
 - multilateral, 134
- Anger, 11, 12, 25
- Anthropology, 4, 5, 46
- Anxiety, 9, 11, 16, 20, 25
- Aptitudes, 21, 22, 137-140, 143, 147
- Assurance, emotional, 13
- Attention
 - capacity for conscious, 14, 15
 - "fixation" of, 11, 26
- Attributes, human, 5, 7-10
- Authority, 13, 41, 61, 65, 95, 96, 160, 162, 163, 182

- Authority (*Contd.*)
 definitions of, 95-96
 Awareness, conscious, 14
 Bargaining, collective, 2, 3, 49, 69,
 80, 112, 118, 119, 147
 Behavior, human
 affected by environment, social
 conditioning, 33, 35
 aggressive, 16, 25-32, 43, 139
 principles of controlling, 39-44,
 46-49, 51-55, 185-186
 sadistic, 16, 17, 27, 30
 Bias, habit, 74, 134, 137
 Boards, labor relations, 159, 165,
 166, 169
 Boss, 13, 149
 Capital, 1, 3, 4, 6, 45, 57, 64, 81, 95,
 99, 111-114, 127, 159-169,
 170-188
 Censure, 15
 Character, strength and weakness
 of, 30
 Characteristics, biological, 7, 9, 10
 Checks and balances, system of, 164
 Chief Executive, 164
 Children, 10, 12, 16-18, 28, 31-34,
 67, 72, 96
 Chisholm, G.B., 41n.
 Choices, in satisfying desires, 30
 Civilization
 industrial, 37
 modern, 38, 45, 165
 technological, 37, 38, 45
 Civil War, 40, 44, 161
 Class systems, fears of, 42
 Cliques, 71, 72, 110
 Closed shop, 49, 69, 150, 155
Clue to History, The, 184n.
 Coal industry, 40
 Code, moral, 44
 Coercion, 38, 41, 42, 44, 51, 54, 72,
 111, 201
 methods and techniques of, 41,
 44, 51, 54, 111
 Collective bargaining, 2, 3, 49, 69,
 80, 112, 118, 119, 147
 Collectivism, 62, 176, 180
 Commerce, United States Dept. of,
 165
 Committees
 joint, 109
 labor-management, 109, 113
 Common man, 62
 "Common sense", 31, 150, 158
 Communication, 73, 74, 92, 147,
 148, 179
 Communism, 40, 89, 184
 Comparison, ability of, 31
 Competition and cooperation, 60
 Comprehensiveness in procedure,
 121-123
 Compromise, principle of, 51-55
 Compulsion, 2, 58, 76
 Conditioning
 coercive morality in social, 41-43
 cultural, 33-49
 effects of social, 33-49, 89, 90
 Conferences, joint, 101, 145-158
 Confidence, in relations, 8, 9, 14, 20,
 47
 Conflict, 3, 12, 59, 61, 75, 112, 113,
 135, 141, 147, 161
 constructive, 59, 61, 196
 destructive, for domination, 3, 59,
 112, 161
 Congress of Industrial Organiza-
 tions, 112
 Congress, U. S., 164, 167, 169
 Conquer nature, inability to, 39
 Conscience, 30, 32
 Consideration, bilateral, 109
 Constructive relations, basis of, 64-
 77
 Controversy, organization for settle-
 ment of, 102
 Conventions, enacted, proposed by
 I.L.O., 127, 174
 Cooperation, 14, 53, 60-65
 Council, works, 54, 62
 Courage, 12, 16
 Court, U.S. Supreme, 164
 Courts, appeal to, 169
Creative Experience, 56n.
 Decision, 31, 96, 145, 182
 Democratic government, 43, 50

- Demoralization, 17, 45, 49
- Dependencies, elemental human, 35-43
- Depressions, economic, 41, 136
- Desires (drives)
 - to destroy, 23, 42, 38, 44
 - frustration of, 18, 22-32
 - human, 18, 20-32, 35-39
 - industrial relations' significance of, 21, 24, 25
 - to repress, 16, 24
- Development, technological, 1, 2, 37, 45, 84, 85, 115, 116, 119, 121, 140
- Dictators, 47, 49, 66
- Dictatorship, managerial, 55, 182
- Discharge, fear of, 32, 54
- Discipline, 14, 32, 41, 139
- Disciplines of good methods, 139
- Discussion, freedom of, 113
- Disgust, feelings of, 13
- Dishonesty, 13, 187
- Disintegration, National, 160, 161
- Displacement of labor, 138, 140
- Disputes, *See* Labor disputes
- Distrust, feelings of, 12
- Docility, 13, 17, 53
- Domination-Subserviency
 - oblique approach to, 47
 - philosophy, methods of, 34-43, 47, 48, 97
- Dynamics of administration, 86, 87
- Economic conditions, 10, 36, 37, 42, 45-47, 57, 65, 82, 89
 - agrarian-industrial, 89
- Economic Welfare, proposed Dept. of, 167-170
- Education, 14, 73, 75, 140, 145-158
 - techniques of "integrating", 145-158
- Efficiency, 135, 138
- Elation, feelings of, 11, 24, 66
- Emotions, 9-16, 24, 26, 28, 32, 43, 52, 60, 73, 139, 141
- Employee, 13, 16, 18, 34, 37, 53, 64-73, 104, 105, 147, 149
- Employers, 18, 39, 67
 - See also* Executive
- Employment, conditions of, 72-73, 80
- Engineer, 1, 2, 4, 21, 58, 80-82, 147
- Enslavement, 47
- Enticement, 4, 42, 44, 51, 97, 111
- Environment, 33, 142
 - See also* Social conditioning
- Equality, 3, 43, 44, 50
- Esteem, 9, 66, 67
- Evolution, administrative implications of, 179
- Executive, 18, 39, 67, 68, 69, 80, 142, 151
- Experience, 4, 31, 73
- Facilities, 36, 79, 84, 179
- Facts
 - analysis and consideration of, 133, 136, 157
 - interpretation of, 137, 138
- Fascists, use of power by, 184
- Fatigue, 26, 154
- Fear, 9-14, 20, 23, 28, 32, 38, 39, 41, 42, 46, 48, 54, 59, 66, 137, 139
- Feelings, *See* Emotions
- "Fixation of attention", 11, 26
- Follett, Mary Parker, 56n., 59
- Football, cooperation in, 60, 61
- Force, constructive use of, 47
- Foremen, 27, 65-68, 143, 147
- Formulas, grievance, 13
- Fountainhead, The*, 47n.
- France, 27, 44, 160
- Free enterprise and cooperation, 60, 62
- "Free riders," 49
- Freedom, 43, 44, 46, 48, 50, 62, 65, 67, 113
- Frustration of desires, 18, 20-28, 52, 59, 178-180
- Functions
 - administrative, 3, 68, 79, 83, 93, 98, 100-108, 117, 133, 161, 168, 169, 172, 179-181, 184, 186, 187
 - management's power of, 180, 181
- "Generalized" emotional disturbances, 141

- Germany, 17, 160
 Goals, human, 11, 21, 22
 God, 14, 48, 66
 Governing Body, 171
 Government, 1, 3, 4, 6, 34, 40, 41,
 43, 45, 50, 57, 64, 65, 67, 68,
 76, 79-81, 95-97, 99, 107,
 111, 112, 114, 127, 128, 133,
 135-137, 159-177, 177-188
 dictatorial, 34, 40
 Federal, 40, 167, 175
 Great Britain, 44
 Grievance, 109, 130
 Guilt, feelings of, 48, 65
- Habit, 15-18, 24, 31, 74, 134, 136-
 141
 Hate, 9, 12, 14, 16, 18, 24, 25
 Hitler, 17
 Honesty, 13, 84, 157
 Hope, feelings of, 66
 Housing, paternalistic provision of,
 53
- Human nature
 attributes of, 3-5, 7-32, 96
 behavior of, 7-19, 22, 23
 conditioning of, 4, 33-49
 dependencies of, 35-43
 desires of (drives), 8, 11, 20-23
 emotions, feelings, 7-18
 fears, *See* Fears
 frustration of, 18, 23-28
 goals of, 11, 21, 22
 habits of, 15-17, 24, 31, 74, 134,
 136-141
 motivation of, 4, 7, 11-18, 39
 needs of, 7-19, 46, 66, 67
 See also Psychological ade-
 quacy
 scientific understanding of, 3, 19,
 47, 50
- Human relations, constructive, pre-
 requisites of, 46, 64-77, 114,
 147
- Hypnosis, 12-14
- Ideas, of right and wrong, 31, 41
 Ignorance, 31
 Images, exalted and debased, 22, 30
- Independence in relationships, 64,
 72, 73, 112
- Individualism *versus* collectivism,
 49
- Individuals, 10, 11, 17, 18, 66
 See also Human nature
- Industrial relations, 9, 18, 24, 32, 38,
 41, 47, 51, 53, 56, 62, 64, 75,
 80, 81, 83, 90, 95-97, 102,
 113, 114, 120-123, 127-134,
 137, 141, 144, 145, 147, 149,
 150, 158, 159, 166, 171, 183-
 185, 188
 administration of, *See* Administra-
 tion
 governmental aspects of, 159-177
 management of, *See* Management
 methods of, 1, 2, 118, 120, 129,
 130, 133, 134, 137-144, 145,
 148, 167
 National Council of Industrial
 Relations, proposed, 171-175
 problems of, 2, 3, 5, 18, 49, 58,
 97, 137, 141, 143-144, 193
 scientific, professional approach
 to, 3-5, 49
- Industry, 3, 40, 82, 89, 128, 142,
 160, 188
- Insecurity, 45
- Institute of Human Relations, Yale,
 83, 115
- Institutions, educational, 79-80
- Integrating education, 145-158
- Integration
 functional, of relationships, 91-
 114, 172
 principle of, 55-63
 principle, applications of, 1, 4, 56,
 59, 60-64, 76, 80, 98-103,
 117, 150, 152
- Integrity, 9, 19, 56, 163-165, 187
 personal, 56
- Intelligence, 31
- Interdependency, human, 46
- International Labor Organization,
 127, 128, 171, 174, 175
- International relations, 3, 46, 160
- Intimidation, 4, 34-43
- Issues, 28, 53, 138

- Japan, 160
- Judgment, discriminating, 31, 32, 47, 48, 65
- Kill, desire to, 27, 39
- Labor, 1, 3, 4, 6, 13, 42, 43, 45, 49, 53, 54, 57, 62, 64, 69, 70, 81, 82, 84-86, 88-90, 93, 95, 97, 99, 102, 104, 105, 107-109, 111-116, 118, 119, 121-123, 127, 128, 133-139, 146-148, 150-154, 157-185, 187, 188
 - disputes, 49, 107, 134, 149
 - laws, 49, 159, 160
 - leaders and organizers, 17, 69, 70, 135, 147, 156
 - relations, *See* Industrial relations
 - representation, organization, 45, 112, 153, 161, 169, 194
- Labor unions, 49, 53, 54, 71, 79, 89, 107, 113, 114, 118, 148, 150, 154
 - attitudes of, 150
- Labor, U. S. Dept. of, 165
- Laissez faire, 37
- Law, 34, 39, 41-43, 46, 67
 - labor, 49, 135, 159, 163, 166
- Leaders, labor, 17, 69, 70, 135, 147, 156
- Legal compulsion, control, 2, 45, 167
- Liberalism, 176
- Love, 9, 12, 17, 24
- Macmurray, John, 184n.
- Magoun, F.A., 13, 31
- Management, 1-7, 13, 18, 22, 25, 28, 32, 39, 40, 53-55, 62, 63, 65, 68-70, 75-80, 82-90, 93-95, 97-99, 103-125, 128, 133-159, 176-188
 - authority of, 13, 41, 61, 95, 96, 105, 160-163, 182
 - financial, 78, 86, 100, 133
 - knowledge of human nature required, 7-49
 - organization of, 91-103
 - powers of, 178-188
 - procedure of, 115-128
 - science of, 1, 4, 5, 6, 185, 186
 - techniques of, 129-144
 - See also* Administration
- Marriage, 34, 35
- Masochistic behavior, 16, 17, 27, 30
- Master *versus* slave, 44, 180
- Masters, serving two, 71
- Maturity
 - emotional, 60, 188
 - intellectual, 60, 186
- Mechanism, integrated, 56, 58, 80, 133, 139, 147
- Medical care in strike, 28
- Medical science, 5, 46
- Membership, maintenance of, 155, 156
- Memory, capacity, 15
- Methods, 4, 43, 44, 47, 48, 115-128, 129-144, 145-158
 - coercion, domination, 43, 44, 47, 48
 - integrating education, 145-158
 - organization, 104-114
 - procedure, 115-128
 - psycho-historical analysis, 129-144
- Mill village system, 40, 88, 89
- Mob violence, 26, 29
- Morality, 34, 42, 47, 48, 180
- Mother Goose language, 157
- Motivations, 11-19
- National Association of Manufacturers, 112
- National Council on Industrial Relations, 171-175
- National Labor Relations Board, 127
- National Organization of Industrial Relations, 111-114
- National Recovery Act, 175n.
- Natural resources, 2, 36, 37, 44
- Nature, men's relations to, 2, 36, 37, 39
- Needs, human, 8-11, 20, 22, 35
- Negotiations, labor-management, 146, 147, 150-158
 - sincerity in, 158
- "Nervous breakdowns," 9, 17

- New Deal, 89
 Nyman, R. C., 83n., 124n., 140n.
- Obedience, 13, 16, 73, 200
 Observe, ability to, 31
 Obsolescence, middle-age, 136
 Open shop, 69, 155
 Organization, 67, 78-90, 91-103,
 104-114 152-154, 168
 of administration, 91-103
 of authority, 95
 functional, 91-103, 104-114, 133,
 168
 informal, 110
 of labor relations, 104-114
 line-staff, 98-103, 105-109
 of negotiations, 152-154
 non-functional, 98
 of procedures, 101-102
 Organizations
 Labor, *See* Labor unions
 non-administrative, 110-111
 Organizing campaign, union, 69
- Parent, 16, 33-35, 40, 41, 67, 72
 Participation, 32, 92
 Paternalism, 2, 10, 40, 88, 89
 Persuasion in negotiations, 156
 Perversion of desires, 24, 26
 Philosophy of domination, 34-43,
 46-49, 97
 Plant manager, 94, 105, 142, 147
 Political relationships, 10, 42-44, 46,
 65, 170, 184
 freedom, 43, 44, 46, 65
 use of power, 184, 200
 Position
 management's power of, 181
 subordinate *versus* subservient, 67
 Power, 3, 42, 44, 47, 60, 96, 105,
 178-188
 of decision, 96, 105
 functional, 3, 179
 of management, 178-188
 self-frustrating use of, 184
 Prestige, 137, 139, 140
 "Princes of Privilege," 49
 Principles, 5, 50, 55, 63, 80, 92,
 115-128, 152
 of integration, 55-63
 of organization, 92
 of procedure, 115-128
 shared responsibility, 93, 94, 101
 Problems
 analysis of, 129-144, 146, 194
 fundamentals of, 138, 139
 Procedures, 80, 83, 115-128
 haphazard, 120
 Processes of human nature, 20-32
 Procreation, 8, 22
 Production, 135, 146, 179
 Professional approach, 1, 3-5, 91,
 185, 186, 197, 201, 202
 Property, human right to own, 34
 Psychiatry, 4, 7, 12, 18, 28, 46, 56
Psychiatry, Vol. 9, No. 1, 41n.
 "Psychiatry of Enduring Peace and
 Social Progress, The," 41n.
 Psychology, 4, 7, 46
Psychology for Executives, 144n.
 Punishment, 15, 16, 26, 28, 41, 67,
 70, 72, 200, 201
 Purchasing agent, example of, 95,
 105, 146
- Rand, Ayn, 47n.
 Rapport, in negotiations, 151
 Rationalizations, 10, 15, 16
 Readjustments, integrating, 58
 Reason, 31, 67
 See also Judgment
 Reassurance in strike, 28
 Rebellion, 10, 17, 18, 25, 37, 42, 43,
 187
 Recognition, 8, 10
 Regimentation, bureaucratic, 136
 Regulations, 32, 42, 65
 Religion, 33, 34, 40, 42-44, 46, 50
 Representation, worker, example of,
 53-55
 See also Labor representation;
 Unions
 Responsibility, 55, 92-94, 101, 107,
 160, 182
 Restrain, power to, 47
 Rewards, 41, 70, 200, 201
 Rules, 32, 42, 65
 Russia, 27, 40, 45, 160, 184

- Science, 1, 2, 4, 5, 46, 50, 75, 179, 185-187
 - of administration, 1, 4, 5, 185, 186
 - human, social, 4, 5, 46, 50
 - physical, 2, 39
- Secretary of Economic Welfare, 167
- Secretary of National Defense, 168n.
- Self-expression, importance of, 8, 9, 66
- Self-respect, need of, 8, 9, 10, 48, 49, 55, 64-77, 137
- Sex, 7, 8
- Skills, 137-140, 143
- Smith, Elliott Dunlap, 83n., 124n., 131n. 140n., 144n., 146n.
- Social conditions, 10, 43, 44, 46, 50, 65, 160, 173, 174
- Southern textile industry, 40, 88-90
- Special interests, 112, 160
- Staff executives, 68
- Status systems, 42
- Strikes, 25, 28, 54, 55, 90, 155
- Structure, in administration, 78-90, 103, 152
- Subserviency *See* Domination-Subserviency
- Suicides, 10, 27
- Supreme Court, U. S., 164, 175
- Techniques, 54, 136, 129-144, 145-158
- Technology and Labor*, 83n., 140n.
- Textile workers, Southern, 89
- Time control, 120, 153-154
- Trading, in negotiations, 156
- Transportation, 36, 179
- Understanding, 32, 64, 67, 73-75, 92, 149
- Union contracts, 118-119
- Union dues, check-off of, 150
- Union-Management Co-operation in the "Stretch-Out,"* 124n.
- Union organizer, *See* Labor leaders
- Union shop, 155
- Unionism, political revolutionary, 191-193
- Unions, labor, 49, 53, 54, 71, 79, 89, 107, 113, 114, 118, 148, 150, 154, 155, 190, 191
- United States, 40, 44, 45, 161, 164, 175
- United States of Europe, 184
- Value, standards of, 35
- Veto, unrestricted power of, 54, 63
- Violence, mob, 26, 29
- Wages, 53, 54, 62, 63, 109, 134, 135
 - reduction, cooperation in, 62, 33
- Wagner Act, 89, 122
- War, 25, 45, 53, 62, 89, 122, 127
- War Labor Board, 127
- Wealth, 49
- Welfare work, 53
- Will power, 30, 31, 65
- Williams, Whiting, 18
- Workers, older, 137, 143
- Yrle University, 115

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